6675. By Mr. HASTINGS: Petition of citizens of Muskogee, Okla., urging early action on a Civil War pension bill carrying the rates proposed by the National Tribune; to the Committee on Invalid Pensions.

6676. Also, petition of citizens of Adair County, Okla., urging early action on a Civil War pension bill carrying the rates proposed by the National Tribune; to the Committee on Invalid Pensions.

6677. By Mr. HERSEY: Petition of Thomas G. Crawford and five others, of Presque Isle, Me., urging Sunday observance bill be defeated; to the Committee on the District of Columbia.

6678. By Mr. HOWARD of Nebraska: Petition signed by James P. Peterson, of Fremont, Nebr., and 11 other citizens of that city, protesting against the passage of the Lankford bill (H. R. 78), providing for compulsory observance of the Sabbath, or any other proposed legislation which provides compulsory Sunday observance in the District of Columbia; to the Committee on the District of Columbia.

6679. By Mr. WILLIAM E. HULL: Petition of H. C. Lamp and 72 others, of Peoria County, Ill., for increase of pension; to the Committee on Invalid Pensions.

6680. By Mr. JOHNSON of Texas: Petition of Palestine Chamber of Commerce, Palestine, Tex., opposing House bill 12620, Parker railroad consolidation bill; to the Committee on Rules.

6681. By Mr. KORELL: Memorial of Thirty-fourth Legislative Assembly of the State of Oregon, favoring the improvement, extension, and development of Portland's port and harbor facilities; to the Committee on Rivers and Harbors.

6682. By Mr. LANKFORD: Petition of the Wood Poster Advertising Co., of Brunswick, Ga., J. A. Wood, manager, opposing Senate bill 1752, for the abolition of Government-printed stamped envelopes with corner cards; to the Committee on the Post Office and Post Roads.

6683. By Mr. MAGRADY: Petition signed by numerous citizens of Shamokin, Pa., urging enactment of legislation to increase the pensions of Civil War veterans and their widows; to the Committee on Invalid Pensions.

6684. Also, petition of numerous citizens of Montour County, Pa., urging enactment of legislation to increase the pensions of Civil War veterans and their widows; to the Committee on Invalid Pensions.

6685. By Mr. MOORE of Kentucky: Petition signed by S. M. Davis, C. W. Ray, and 16 other residents of Edmonson County, Ky., urging that immediate steps be taken to bring to a vote a Civil War pension bill for the relief of needy and suffering veterans and widows; to the Committee on Invalid Pensions.

6686. By Mr. MOONEY: Petition of East Cleveland Post, No. 163, the American Legion, indorsing the Capper-Johnson universal draft bill (H. R. 8313); to the Committee on Military Affairs.

6687. By Mr. MOORMAN: Petition from citizens of Rockport, Ky., in favor of raising the widows' pension to $50 per month; to the Committee on Invalid Pensions.

6688. Also, petition in favor of granting pension increase to Civil War widows; to the Committee on Pensions.

6689. By Mr. O'CONNELL: Petition of the Navy League of the United States, Washington, D. C., with reference to the Geneva naval conference and the five-power naval armament limitation maintained on a basis other than that of Washington treaty; to the Committee on Naval Affairs.

6690. Also, petition of Droste & Snyder (Inc.), New York City, N. Y., opposing the passage of the McNary-Haugen farm relief bills; to the Committee on Agriculture.

6691. Also, petition of the conference committee, American Federation of Labor, General Federation of Women's Clubs, and manufacturers, favoring the passage of the Hawes-Cooper bill (S. 1940 and H. R. 7729); to the Committee on Labor.

6692. By Mr. PALMISANO: Papers to accompany House bill 12759, a bill for the relief of Sanford & Brooks Co. (Inc.); to the Committee on Claims.

6693. By Mr. PEAVEY: Petition of the town boards of the towns of Daniels, Anderson, Siren, Wood River, and Grantsburg, favoring the authorization of the construction of an interstate bridge across the St. Croix River connecting Wisconsin State Highway No. 70 with Minnesota Highway No. 9; to the Committee on Interstate and Foreign Commerce.

6694. Also, resolution by the members of the Commercial Club of Grantsburg, Wis., favoring the authorization of the construction of a bridge across the St. Croix River between Burnett County, Wis., and Pine County, Minn.; to the Committee on Interstate and Foreign Commerce.

6695. By Mr. QUAYLE: Petition of American Federation of Labor, General Federation Women's Clubs, and manufacturers of New York City, urging the passage of the Hawes-Cooper bill; to the Committee on Labor.

6696. Also, memorial of the Legislature of the State of New York, with reference to the project of an all-American ship canal across the State of New York, connecting the Great Lakes with the Atlantic Ocean; to the Committee on Rivers and Harbors.

6697. Also, petition of Droste & Snyder (Inc.), of New York City, opposing the passage of the McNary-Haugen bill; to the Committee on Agriculture.

6698. Also, petition of Gottfried & Marshall, of New York City, opposing the passage of the McNary-Haugen bill; to the Committee on Agriculture.

6699. By Mr. SELVIG: Petition of Evaline McDonald, Ulen, Minn., and 101 other residents of Clay County, Minn., urging Congress to act on the Civil War pension bill revising rates paid to Civil War survivors and their widows; to the Committee on Invalid Pensions.

6700. By Mr. SPEAKS: Petition signed by Mae M. Vosper and 11 citizens of Franklin County, Ohio, urging enactment of legislation for the relief of Civil War veterans and their dependents; to the Committee on Invalid Pensions.

6701. By Mr. TEMPLE: Petition of a number of residents of Washington County, Pa., in support of legislation increasing the rate of pension to Civil War veterans and widows of Civil War veterans; to the Committee on Invalid Pensions.

6702. Also, petition of Federation of Greene County (Pa.) Women, Waynesburg, Pa., in support of House bill 11410, to amend the national prohibition act; to the Committee on the Judiciary.

6703. Also, petition of the congregation of the West Alexander Presbyterian Church, West Alexander, Washington County, Pa., in support of the Lankford Sunday rest bill for the District of Columbia; to the Committee on the District of Columbia.

6704. By Mr. VINCENT of Michigan: Petition of sundry citizens of Saginaw and Portland, Mich., favoring higher pension rates for Civil War veterans and widows of Civil War veterans; to the Committee on Invalid Pensions.

6705. By Mr. WINTER: Resolution by Marion Tanner Post, No. 29, the American Legion, Basin; Lions Club, Torrington; Jacksons Hole Post, No. 43, the American Legion, Jackson; Lions Club, Cheyenne; Chamber of Commerce, Cheyenne; Lions Club, Kemmerer; Washakie Post, No. 61, the American Legion, Pavilion; and Lions Club, Riverton; all in the State of Wyoming; to the Committee on Irrigation and Reclamation.

SENATE

THURSDAY, *April 12, 1928*

(Legislative day of Monday, April 9, 1928)

The Senate reassembled at 12 o'clock meridian, on the expiration of the recess.

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed without amendment the following bills of the Senate:

S. 3224. An act to extend the provisions of the forest exchange act, approved March 20, 1922 (42 Stat. 465), to the Crater National Forest, in the State of Oregon; and

S. 3225. An act to enlarge the boundaries of the Crater National Forest.

The message also announced that the House had passed the bill (S. 3194) to establish the Bear River migratory-bird refuge, with an amendment, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the following bill and joint resolutions, in which it requested the concurrence of the Senate:

H. R. 12632. An act to provide for the eradication or control of the European corn borer;

H. J. Res. 200. Joint resolution to amend section 10 of the act entitled "An act to establish the upper Mississippi River wild life and fish refuge," approved June 7, 1924;

H. J. Res. 244. Joint resolution authorizing a modification of the adopted project for Oakland Harbor, Calif.; and

H. J. Res. 256. Joint resolution authorizing the United States Bureau of Public Roads to make a survey of the uncompleted bridges of the Oversea Highway from Key West to the main-

land, in the State of Florida, with a view of obtaining the cost of the construction of said bridges, and report their findings to Congress.

CALL OF THE ROLL

Mr. CURTIS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Edge	King	Schall
Barkley	Edwards	La Follette	Sheppard
Bayard	Fess	McKellar	Shipstead
Bingham	Fletcher	McLean	Shortridge
Black	Frazier	McMaster	Simmons
Blaine	Gerry	McNary	Smith
Blease	Glass	Mayfield	Smoot
Borah	Goff	Metcalf	Steck
Bratton	Gooding	Moses	Steiwer
Brookhart	Gould	Norbeck	Stephens
Broussard	Greene	Norris	Swanson
Bruce	Hale	Nye	Thomas
Capper	Harris	Oddie	Tydings
Caraway	Harrison	Overman	Tyson
Copeland	Hawes	Phipps	Vandenberg
Couzens	Hayden	Pine	Wagner
Curtis	Heflin	Pittman	Walsh, Mass.
Cutting	Johnson	Ransdell	Warren
Dale	Jones	Reed, Pa.	Waterman
Deneen	Kendrick	Robinson, Ind.	Watson
Dill	Keyes	Sackett	Wheeler

Mr. NORRIS. I desire to announce that my colleague the junior Senator from Nebraska [Mr. HOWELL] is detained from the Senate on account of the illness of his wife.

Mr. CARAWAY. I wish to announce that my colleague the senior Senator from Arkansas [Mr. ROBINSON] is absent by reason of illness.

The VICE PRESIDENT. Eighty-four Senators having answered to their names, a quorum is present.

THE PROHIBITION QUESTION

Mr. BRUCE. Mr. President, I should like to have inserted in the RECORD an Associated Press dispatch stating that on April 11 the national affairs committee of the National Republican Club of the city of New York adopted a resolution urging the repeal of the eighteenth amendment.

I simply desire to say in this connection, with due respect to the Republican Party, that it seems to have, in relation to the subject of prohibition, just a little of the uncertain character of Gideon's fleece as described in the Old Testament. It will be remembered that this fleece was of such a nature that it was dry when all around it was wet, and was wet when all around it was dry.

The VICE PRESIDENT. Without objection, the article will be printed in the RECORD.

The article is as follows:

[From the Washington Post, April 12, 1928]

WET VOTE BY NATIONAL REPUBLICAN CLUB ASKED—COMMITTEE VOTES RESOLUTION URGING REPEAL OF THE EIGHTEENTH AMENDMENT—ADOPTION IS PREDICTED

NEW YORK, April 11.—The national affairs committee of the National Republican Club to-day adopted a resolution urging repeal of the eighteenth amendment. The action was taken in executive session and reported at the close of the meeting by former Representative Benjamin L. Fairchild, who presided as chairman of the committee.

The resolution will be presented to the full membership of the club next Tuesday. Mr. Fairchild predicted that it would be adopted by an overwhelming majority, adding that he expected it would be presented to the National Republican Convention by Nicholas Murray Butler.

Mr. Fairchild also is chairman of the subcommittee which drafted the resolution. Other members are W. M. K. Olcott, former district attorney; Martin Saxe, former United States Senator; and Charles P. Spooner, son of the late Senator Spooner, of Wisconsin. All these attended to-day's meeting.

Mr. Butler left before the vote was called, but Mr. Fairchild said he had voiced his intention to vote for the resolution had he remained. William Boardman, Elmer E. Cooley, Ralph Goddard, and Andrew R. Humphrey voiced opposition to the measure before the vote was taken, Fairchild said.

Other committee members who attended were Chauncey M. Depew, jr.; Philip Elting, collector of the port; Harte M. Juddson; Richard W. Lawrence, president elect of the club; William M. Calder, retiring president; and Col. Newbold Morris. A letter was received from T. Douglas Robinson, Assistant Secretary of the Navy, voicing his approval of the resolution.

The National Republican Club has about 2,000 members living in all parts of the country. President Coolidge is an honorary president, and among its members are three possible candidates for the Republican presidential nomination—Herbert Hoover, Vice President DAWES, and former Gov. Frank O. Lowden, of Illinois. About 1,000 members are residents of New York.

PETITIONS AND MEMORIALS

Mr. FESS presented sundry petitions numerously signed by citizens of the State of Ohio, praying for the passage of legislation granting increased pensions to Civil War veterans and their widows, which were referred to the Committee on Pensions.

Mr. ROBINSON of Indiana presented sundry petitions numerously signed by citizens of the State of Indiana, praying for the passage of legislation granting increased pensions to Civil War veterans and their widows, which were referred to the Committee on Finance.

Mr. COPELAND presented a petition of sundry citizens of New York City, N. Y., praying for the passage of legislation granting increased pensions to Civil War veterans and their widows, which was referred to the Committee on Pensions.

Mr. CAPPER presented memorials numerously signed by members of the Kansas Yearly Meeting Christian Endeavor Union, Friends Church, at Wichita, Kans., remonstrating against the repeal of the eighteenth amendment to the Constitution or any modification of the so-called Volstead Act, which were referred to the Committee on the Judiciary.

Mr. WALSH of Massachusetts presented numerous telegrams in the nature of petitions from citizens and business firms of Boston, Mass., praying that fruits and vegetables be excluded from the operation of the so-called McNary-Haugen farm relief bill, which were ordered to lie on the table.

He also presented sundry telegrams in the nature of memorials from citizens and business firms of Boston, Mass., remonstrating against the passage of the so-called McNary-Haugen farm relief bill, which were ordered to lie on the table.

WORLD WAR VETERANS' RELIEF

Mr. ASHURST. Mr. President, I have received petitions in the form of a resolution adopted by all the various ex-service men's organizations in Arizona, which I ask may be printed in the RECORD and referred to the Committee on Finance:

There being no objection, the resolution was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

Resolution

Whereas the United States Circuit Court of Appeals for the Ninth Circuit in the case of United States of America *v.* Sligh (filed March 5, 1928) has determined that a suit on any claim under a contract of yearly renewable term or converted insurance brought pursuant to section 19 of the World War veterans' act of 1924, as amended, becomes outlawed in accordance with the statutes of limitation in the State wherein said suit is instituted, if the claim, antecedent to suit, was not filed with the Veterans' Bureau within the period fixed by said State statute; and

Whereas it appears that the State statutes of limitations are not uniform in that in some States suits upon written contracts of insurance are barred within three years, whilst in other States, said actions may be maintained at any time within 6, 10, or 15 years; and

Whereas such condition is manifestly unjust in that the benefits of the war risk insurance act are unequally distributed in that the award depends upon the law of the State wherein the veteran resides; and

Whereas the valuable rights of hundreds of veterans will be prejudiced by such application of the varying State statutes of limitation; and

Whereas it is further apparent that the disabilities incurred upon which such suits are brought were received while serving a common cause, and in consequence thereof the treatment accorded to those claimants should of a certainty be uniform and just; and

Whereas in the process of rehabilitation of disabled veterans many are not aware of their true condition—that is to say, of the permanency of their total disability until after years of treatment—and until most State statutes of limitations of four and six years would bar such claims it is eminently reasonable and just to allow a 10-year period for the determination of permanency of their total disability; and

Whereas dating such 10-year period from July 2, 1921, would be dating same from the day the Great War was officially ended: Now therefore be it

Resolved, That Congress of the United States of America be, and it hereby is, petitioned to amend section 19 of the World War veterans' act (June 7, 1924, ch. 320, sec. 19, 43 Stat. 612, amended March 4, 1925, ch. 553, sec. 2, 43 Stat. 1302) by adding to such section the following:

"*Provided further*, That no State or Federal statutes of limitation shall be deemed to apply to any suit filed under this section on or before July 2, 1931;

"*Provided further*, That after July 2, 1931, all suits under this act must be filed within six years from the accrual of the cause of action;

"*Provided further*, That this section, as amended, shall be deemed to be in effect as of October 6, 1917"; be it further

Resolved, That a copy of this resolution be transmitted to every Member of the Senate and House of Representatives of the United States of America.

FRANK LUKE, Jr.,
Post No. 1, American Legion, Arizona Branch,
Phoenix, Ariz.
J. H. MOEUR,
Commander.
E. P. MCDOWELL,
Adjutant.

On request of Mr. ASHURST, the following letter was referred to the Committee on Finance and ordered to be printed in the RECORD:

TUCSON, ARIZ., *April 2, 1928.*

HON. HENRY F. ASHURST,
Senator from Arizona, United States Senate,
Washington, D. C.

MY DEAR SENATOR: There is a great deal of interest shown among the veterans of this State in bill (H. R. 97) introduced by Representative LAGUARDIA, of New York, which would permit any former service man having an active tubercular disease and entitled to hospitalization under the World War veterans' act, 1924, either hospitalization or a maintenance allowance of $4.75 per day.

Concerning the merits of this bill permit me to call your attention to an experiment carried on in this State which has made it possible for a number of disabled men suffering from tuberculosis to stay out of the hospital with every indication of great benefit to themselves while working short hours, or as the spirit and their strength moved them, and showing a renewed interest in life, as well as a complete change in their mental attitude as compared to that displayed under institutional supervision.

I refer to the Arizona Hut, at Tucson, established and financed by Mrs. John C. Greenway, of Ajo and Tucson, the widow of the late Gen. John C. Greenway, Arizona's soldier, builder, and benefactor.

Inspired by her late husband to do something for the great number of disabled ex-service men pouring into Arizona seeking its sunshine and climate, and usually arriving broken in both health and pocketbook, Mrs. Greenway cast about for some means of helping these men to help themselves. On her visits to the two veterans' hospitals in the State she noticed that though some of the men were doing work at intervals, in leather, woodwork, and the like, under the direction of the occupational therapy department, the work done was not in many cases salable on its merits. Noticing how this work seemed to take the men's minds from their physical condition she began to wonder if this was not the solution of curing these men of their great affliction and mental depression. On the theory that given an opportunity to work short hours, when they felt like it, and under the direction of teachers who could direct their efforts toward salable articles, that the public would gladly purchase, Mrs. Greenway took her ideas to the annual spring conference of the American Legion held at Phoenix in January of 1927, and after a discussion of this all-important question of the welfare of the tubercular ex-service men in this State and in the veterans' hospitals located at Tucson and Prescott, the Arizona Hut idea was born.

Mrs. Greenway made a careful study of the situation following this meeting and traveled extensively, gathering ideas on how to run such an institution as she had in mind, so that it would best serve the disabled and ill ex-service men and women of Tucson and vicinity and assist them to regain their health and peace of mind at the same time that they were accumulating a little earnings, so much needed by them.

A workshop was opened in Tucson on April 14, 1927, with articles on display, most of which had been made by patients at the veterans' hospital at Pastime Park at the suggestion of Mrs. Greenway.

Cactus canes, toys, and trinkets from models furnished from eastern markets by Mrs. Greenway were the first things attempted, with the now famous cactus cane taking the lead in popularity. As machinery arrived for the hut and was installed by Mrs. Greenway, who has financed the entire project, sewing and carpenter work were started, and later leather work, copper work, and furniture manufacturing.

Gradually the hut work has turned into cabinetwork and the making of furniture, and this work now offers a splendid opportunity for the institution to get into large production, enter the local market for house furnishing, and thus afford more work for additional men and their families, who are also permitted to work at the hut.

No greater service was ever offered the disabled ex-service men and their families than this great work of Mrs. Greenway, and on the eve of its first anniversary Mrs. Greenway reports that the hut has not only found remarkable talent in these men and women, who before the advent of the hut were unable to put them to use, but that it has stimulated astounding amount of loyalty, sincerity, and determination on the part of those who have connected themselves with the work of the hut.

Sick men who before entering into this work were dissatisfied, unhappy, and sweating under the supervision and monotony of institutional life, or the prospects of it, have completely changed after a few months at the hut, and this has not only been noticed by Mrs. Greenway but by men of the medical profession who are on the advisory board of this hut.

A great deal of money has been invested in this idea, and a great deal of the time and energy of this friend of the ex-service men and women of this State as well. The end of the first year shows a financial loss to its sponsor, yet she feels, as do her close advisors, that the good that has been accomplished and the evident success of such an idea as a means of rehabilitating these sick men, and keeping those who are able out of the hospital, far exceeds in importance the amount of money lost during the first year of its existence.

The hut expended in 1927, $28,000, of which $13,893 went for material and equipment, $10,744 paid out for salaries to the disabled men working in or for the hut, and $3,338 spent for actual purchases of material made by disabled men and women. The hut had a $6,000 loss for the year 1927 and had on December 31, 1927, assets of approximately $10,000.

Amongst many others the following citizens of Tucson are serving as an advisory board in an effort to assist Mrs. Greenway in making this venture the success that it justly deserves. This committee was appointed a year ago by Col. A. J. Dougherty, now past commander of the American Legion, Department of Arizona; Dr. I. E. Huffman; Mr. Mathews; Mr. Mose Drachman; Mr. Condron; Mr. Fred Brown; Mr. John Rapp; Judge Sawtelle; Mrs. W. H. Lewellyn; Mr. Mike Noonan; Mr. Forrest Doucette; Dr. W. D. McFaul, commanding officer of the United States veterans' hospital, Tucson; Mr. O. T. Koch; Mrs. Carl Pastor; Mrs. Merton Martenson; Dr. S. H. Eckles; Mr. F. R. Griffith; State Senator Claude Smith; Mrs. C. A. Belin; and many others.

Sincerely yours, F. E. DOUCETTE,
Associate Editor Southwest Veteran,
Director American Legion News Service, Tucson, Ariz.

EMPLOYMENT ON FEDERAL WORKS

On request of Mr. ASHURST, the following letter was referred to the Committee on Education and Labor and ordered to be printed in the RECORD:

EXECUTIVE OFFICE, STATEHOUSE,
Phoenix, Ariz., April 2, 1928.

MY DEAR SENATOR: I have been interested in reading newspaper comment on House bill 11141, introduced by Congressman ROBERT L. BACON, of New York. According to the newspaper accounts, the bill provides that contractors on Federal work shall give preference to local labor when feasible to do so.

It is reported that preference will be given to employment, "first, to citizens of the United States and of the State, Territory, or District in which the work is being performed who have been honorably discharged from the military or naval forces of the United States, and who are available or qualified to perform the work to which the employment relates; second, to citizens of the United States who are bona fide residents of the State, Territory, or District in which the work is being performed, and who are available and qualified to perform the work to which the employment relates; third, to citizens of the United States; fourth, to aliens."

The measure is a great improvement and highly desirable.

However, in order to be entirely satisfactory, I believe the fourth qualification permitting the employment of aliens on Government works should be dropped.

I believe you will agree with me that there should be a positive prohibition of the employment of aliens on any public works. I do not believe that it can be successfully contended that there are not sufficient citizens of required efficiency and training to perform our public work.

You are, of course, familiar with our statutes in Arizona which prohibit the employment of aliens on any work of the State or its subdivisions. Our State statute, however, permits the employment on public works of persons who have declared their intention to become citizens. We find that this provision is being widely abused by contractors who herd droves of Mexicans, usually, into the offices of the county recorders and have them file declarations of intention to become United States citizens. In practically all cases there is no intention or desire on the part of these declarants to become citizens of this country, and no further steps are ever taken toward becoming citizens. The procedure is merely subterfuge to conform to the letter of the law. It is resorted to by contractors in order to permit them to employ alien labor at rates of pay below those acceptable to citizen workmen. Thus the intent and purpose of the State law is to a large degree defeated.

I am for a straight-out enactment of a State law limiting employment on public works to citizens. I think the same should apply to Federal works. I believe that when Congress is enacting legislation on this subject the measure should be drafted so as to limit employment to citizens.

I find that the present situation with reference to Federal employment which allows contractors to hire alien laborers has caused great and frequent bitterness toward Federal departments on the part of citizen workmen in my State. We have had unemployment in Arizona in the last two years as has occurred over the country. In-

stances where contractors on forest highways, particularly in this State, have denied work to jobless citizens while giving employment to aliens, have caused a very unhealthy feeling among our citizens, and in one instance a near riot between races resulted.

I respectfully submit these thoughts to you for consideration in connection with the Bacon bill now pending before Congress.

With highest personal esteem, I am,

Very sincerely yours,

GEO. W. P. HUNT, *Governor.*

Hon. HENRY F. ASHURST,
United States Senate, Washington, D. C.

NAVAL APPROPRIATIONS

Mr. HALE. From the Committee on Appropriations I report back with amendments the bill (H. R. 12286) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1929, and for other purposes, and I submit a report (No. 786) thereon.

Mr. President, I give notice that I shall bring this bill before the Senate for consideration at the earliest possible moment, probably to-morrow morning.

The VICE PRESIDENT. Meanwhile the bill will be placed on the calendar.

REPORTS OF COMMITTEES

Mr. McMASTER, from the Committee on Indian Affairs, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

A bill (S. 3438) authorizing a per capita payment to the Rosebud Sioux Indians, South Dakota (Rept. No. 787); and

A bill (H. R. 6862) authorizing and directing the Secretary of the Interior to investigate, hear, and determine the claims of individual members of the Sioux Tribe of Indians against tribal funds or against the United States (Rept. No. 788).

Mr. KENDRICK, from the Committee on Indian Affairs, to which was referred the bill (S. 3366) to authorize a per capita payment to the Shoshone and Arapahoe Indians of Wyoming from funds held in trust for them by the United States, reported it with amendment and submitted a report (No. 789) thereon.

He also, from the same committee, to which was referred the bill (H. R. 11478) to amend an act to allot lands to children on the Crow Reservation, Mont., reported it without amendment and submitted a report (No. 790) thereon.

Mr. FRAZIER, from the Committee on Indian Affairs, to which was referred the bill (H. R. 11629) to amend the proviso of the act approved August 24, 1912, with reference to educational leave to employees of the Indian Service, reported it with amendment and submitted a report (No. 791) thereon.

Mr. BRUCE, from the Committee on Interstate Commerce, to which was referred the bill (S. 3723) to amend and reenact subdivision (a) of section 209 of the transportation act, 1920, reported it without amendment and submitted a report (No. 792) thereon.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, to which was referred the bill (S. 1945) to amend the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes," approved July 11, 1916, as amended, and for other purposes, reported it with amendments and submitted a report (No. 793) thereon.

Mr. COUZENS, from the Committee on Education and Labor, to which was referred the bill (S. 3554) to authorize the National Academy of Sciences to investigate the means and methods for affording Federal aid in discovering a cure for cancer, and for other purposes, reported it with amendments and submitted a report (No. 794) thereon.

ENROLLED BILL PRESENTED

Mr. GREENE, from the Committee on Enrolled Bills, reported that this day that committee presented to the President of the United States the enrolled bill (S. 1628) relating to the Office of Public Buildings and Public Parks of the National Capital.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. LA FOLLETTE:

A bill (S.4027) granting a pension to Samuel A. Fields; and

A bill (S. 4028) granting a pension to Hubert J. Secord; to the Committee on Pensions.

By Mr. WALSH of Massachusetts:

A bill (S. 4029) granting a pension to Catherine Dyer; to the Committee on Pensions.

By Mr. FESS:

A bill (S. 4030) granting an increase of pension to Harriett J. White; to the Committee on Pensions.

By Mr. DENEEN:

A bill (S. 4031) granting a pension to George Bauman;

A bill (S. 4032) granting an increase of pension to Frances A. Robinson; and

A bill (S. 4033) granting an increase of pension to John A. Bohman; to the Committee on Pensions.

A bill (S. 4034) authorizing the Calhoun Bridge Co., an Illinois corporation, its successors and assigns, to construct, maintain, and operate a bridge across the Illinois River at or near Grafton, Ill.; to the Committee on Commerce.

By Mr. McLEAN:

A bill (S. 4035) authorizing conveyance to the city of Hartford, Conn., of title to site and building of the present Federal building in that city; to the Committee on Public Buildings and Grounds.

By Mr. FRAZIER (by request):

A bill (S. 4036) to authorize the Secretary of War to transfer the control of certain land in Oregon to the Secretary of the Interior; to the Committee on Indian Affairs.

By Mr. COPELAND:

A bill (S. 4037) to amend section 5 of "An act to provide for the opening, maintenance, protection, and operation of the Panama Canal and the sanitation and government of the Canal Zone," approved August 24, 1912; to the Committee on Interoceanic Canals.

By Mr. FESS:

A bill (S. 4038) for the relief of Mary Horstman; to the Committee on Finance.

By Mr. NORBECK (by request):

A bill (S. 4039) to exempt joint-stock land banks from the provisions of section 8 of the act entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," approved October 15, 1914, as amended; to the Committee on Banking and Currency.

By Mr. SHIPSTEAD:

A bill (S. 4040) for the relief of A. M. O'Donnell; to the Committee on Claims.

By Mr. CUTTING:

A bill (S. 4041) to amend section 200 of the World War veterans' act, 1924, as amended; to the Committee on Finance.

By Mr. WHEELER:

A bill (S. 4042) to limit construction charges against irrigable lands in the Crow irrigation project, State of Montana, to $40 an acre; and

A bill (S. 4043) to limit construction charges against irrigable lands in the Fort Belknap irrigation project, State of Montana, to $40 an acre; to the Committee on Irrigation and Reclamation.

By Mr. REED of Pennsylvania:

A bill (S. 4044) to authorize the Albert J. Lentz Post, No. 202, American Legion, of Gettysburg, Pa., to erect and maintain a post home on the grounds of the Gettysburg National Military Park; to the Committee on Military Affairs.

By Mr. TYSON:

A bill (S. 4045) granting the consent of Congress to the Highway Department of the State of Tennessee to construct a bridge across the French Broad River on the Newport-Asheville (N. C.) road in Cocke County, Tenn.; to the Committee on Commerce.

By Mr. HEFLIN:

A joint resolution (S. J. Res. 127) requesting the President to withdraw from Nicaragua the armed forces of the United States or obtain authority from Congress to keep them there; ordered to lie on the table.

CHANGES OF REFERENCE

Mr. JONES. I ask unanimous consent that the Committee on Indian Affairs may be discharged from the further consideration of the bill (S. 3211) for the relief of F. Stanley Millichamp, and that the bill and all papers connected with it be referred to the Committee on Claims.

The PRESIDING OFFICER (Mr. ROBINSON of Indiana in the chair). Without objection, it is so ordered.

On motion of Mr. FRAZIER, the Committee on Indian Affairs was discharged from the further consideration of the bill (H. R. 10327) for the relief of Charles J. Hunt, and it was referred to the Committee on Claims.

AMENDMENT TO LEGISLATIVE APPROPRIATION BILL

Mr. COPELAND submitted an amendment intended to be proposed by him to House bill 12875, the legislative appropriation bill for the fiscal year 1929, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

At the proper place insert the following:

"For services of Dr. G. R. King as a sanitary engineer in the office of the Architect of the Capitol, at the rate of $3,600 per annum, and for a helper and supplies, $1,400; in all, $5,000."

OFFICERS HOLDING OVER AFTER EXPIRATION OF TERM

Mr. FRAZIER submitted an amendment intended to be proposed by him to the bill (S. 2679) to limit the period for which an officer appointed with the advice and consent of the Senate may hold over after his term shall have expired, which was ordered to lie on the table and to be printed.

TUBERCULAR INFECTION OF ANIMALS (S. DOC. NO. 85)

Mr. CARAWAY. The Senator from Virginia [Mr. GLASS] has prepared a most interesting statement dealing with the tubercular infection of animals. Many stock growers are interested in the subject, and I ask unanimous consent that the statement may be printed as a Senate document.

The PRESIDING OFFICER. Without objection, it is so ordered.

HOUSE BILL AND JOINT RESOLUTIONS REFERRED

The following bill and joint resolutions were severally read twice by their titles and referred as indicated below:

H. R. 12632. An act to provide for the eradication or control of the European corn borer; and

H. J. Res. 200. Joint resolution to amend section 10 of the act entitled "An act to establish the Upper Mississippi River Wild Life and Fish Refuge," approved June 7, 1924; to the Committee on Agriculture and Forestry.

H. J. Res. 244. Joint resolution authorizing a modification of the adopted project for Oakland Harbor, Calif.; and

H. J. Res. 256. Joint resolution authorizing the United States Bureau of Public Roads to make a survey of the uncompleted bridges of the Oversea Highway from Key West to the mainland, in the State of Florida, with a view of obtaining the cost of the construction of said bridges, and report their findings to Congress; to the Committee on Commerce.

ANDREW W. MELLON, SECRETARY OF THE TREASURY

Mr. COUZENS. Mr. President, on March 22, this year, in a discussion on Senate Resolution 173, the Senator from New Hampshire [Mr. MOSES] made a statement which appears on page 5151 of the RECORD, in which he made the charge that the introduction of this resolution was the result of a private feud between the Senator from Michigan and the Secretary of the Treasury. He said the statement I had just made in the Senate with reference to the resolution was vicious, malicious, and, he believed, untrue in most instances.

In view of these charges made by the Senator from New Hampshire, it seems incumbent upon me to make a reply to such allegations and in doing so to set forth all the facts in chronological order.

Mr. MOSES. Mr. President, will the Senator yield for an interruption at that point?

Mr. COUZENS. Yes; I yield.

Mr. MOSES. The recital which the Senator from Michigan has made of my words is correct. I realize that their nature, their implication, and their general character infringe Rule XIX of the Senate. There is no Senator more than I who, because of my being frequently called upon to administer the rules, should be more scrupulous in observing them. In this instance I find myself clearly in the wrong. I deeply regret it. I offer my regrets to the Senate and to the Senator whose susceptibilities I have unintentionally wounded. I ask, so far as the RECORD will permit, that the words which are the cause of my offending may be withdrawn.

Mr. President, there has never been a time in my life when I have hesitated to make instant and complete reparation for any wrong which I have committed. That time has certainly not come in this episode. I had no intention of imputing an improper or an unworthy motive to the Senator who has been, I recognize, wholly within his rights; and in order that I may be inclusive in what I have to say, I want to add that in recognizing this I recognize, as with all other Senators, the Senator's sincerity, tenacity of purpose, and courage with which he follows his convictions.

Mr. COUZENS. I desire to thank the Senator, and in continuing my recitation of the history of this matter I shall eliminate any further reference to the Senator's remarks. The only further interest I have is to demonstrate, if possible, that this is not a feud.

Before starting in on the discussion, however, I desire to say that I shall not be intimidated by any statement that the Senator from New Hampshire may make or by any condemnation or ridicule by any part of the press of the country. I am unafraid to approach my duties as a public officer because of any fear of condemnation or ridicule.

This fight may be called a feud by anyone who so desires, but I wish to assure the Senate and the public that it is not a feud. It is rather a protest against a system of government administered under the domination of men of great wealth, a system that has been in force a number of years. It involves the widespread power of wealth in the hands of persons who use it improperly. The ramifications of this power are much more far-reaching than simply the administration of the Treasury Department. It involves the freedom of Members of Congress, as I will hereinafter show. It involves the freedom of the press, as the records of the Treasury will show. It involves the whole people, not alone the people who pay taxes.

I shall, as briefly as possible, endeavor to give in chronological order the history of this controversy from the beginning.

On November 10, 1923, for consideration of the Sixty-eighth Congress, first session, the Secretary of the Treasury presented his program for tax reduction. On December 20, 1923, I wrote Mr. Mellon asking certain questions as to his reasons for his recommendations—a copy of my letter appears on page 915 of the CONGRESSIONAL RECORD of January 14, 1924.

On January 2, 1924, the Secretary replied, and in the concluding sentence of his letter he said:

> Common experience and all statistics available point to the same end. What is the remedy? Let us have diagnosis and cure—not autopsy and verdict.

The complete letter appears on page 916 of the CONGRESSIONAL RECORD of January 14, 1924.

The Secretary, evidently believing that he had made a most convincing argument in his letter of January 2, called me on the telephone and said he had another inquiry along the same lines as that of mine and wanted to know if he might use his letter to me of January 2, 1924, to which I replied he had my permission to use it as he pleased.

The letters were then given to the public by the Secretary, and, I think, all subsequent correspondence. If there was a desire for a feud then it was first indicated by his request because I had not considered our correspondence as public.

From that time on there were several exchanges of letters continuing over quite some time. The correspondence in part will be found on pages 917 and 918 of the CONGRESSIONAL RECORD of January 14, 1924, and on pages 1205, 1206, and 1207 of the CONGRESSIONAL RECORD of January 21, 1924, Sixty-eighth Congress, first session. These were all put in the RECORD by the Senator from Mississippi [Mr. HARRISON].

Three letters, one dated January 24, 1924, written to me by the Secretary, to which I replied on February 6, and the letter from the Secretary ending the correspondence on February 15, 1925, have not been placed in the RECORD, so far as I know.

The result of this correspondence being published was that many letters came to my office criticizing the conduct of the Bureau of Internal Revenue. From 8 to 10 employees and ex-employees of the bureau came to see me to state their complaints and to point out the conditions of the bureau.

Between December 21, 1923, and January 10, 1924, the New York World published a series of stories criticizing the Bureau of Internal Revenue for its manner of handling tax cases.

The National Industrial Conference Board, representing large manufacturers, criticized the bureau in a statement, which, in part, is as follows—the statement, by the way, was published before this controversy started—

> Dissatisfaction with our present administration of the income tax is heard on all sides and complaints are not without justification. Cases of arbitrary and unreasonable assessments are by no means rare, a situation often due to immature judgment or lack of adequate knowledge on the part of the Government official or agent. Business firms are sometimes confronted with assessments that are many times the tax as finally determined, but the final determination of the tax often takes years, and in the meantime the threatened tax makes impossible business extensions and improvements which are necessary or desirable.

In addition to this, Mr. Mellon had suggested that "Let us have diagnosis and cure—not autopsy and verdict"; so I accepted this suggestion, and on February 21, 1924, I introduced Senate Resolution 168, as follows:

> Whereas the Bureau of Internal Revenue of the Treasury Department has not, according to reports, completed settlement of all tax cases for the year 1917, which cases should have been settled long ago, and—

And, by the way, later reports indicate that many of them are not as yet settled.

> Whereas this delay is indication of improper organization or gross inefficiency, or the bureau's handicap by conditions of which the Senate is not aware, and

Whereas as the result of this system and this delay the Government has, it is claimed, lost millions of dollars, taxpayers have been and still are oppressed, and corruption or the opportunity for corruption exists; and

Whereas rates for income tax are governed entirely by the administration or lack of it; and

Whereas there can be no helpful, honest, sincere, and intelligent action on the rates of taxation until this system is corrected: Therefore be it

Resolved, That the President pro tempore of the Senate is authorized to appoint a special committee of five Members, three of whom shall be of the majority party and two of the minority party, which shall investigate the Bureau of Internal Revenue to ascertain the extent to which said conditions exist and report thereon not later than April 1, 1924, so that this information may be ready for the Senate in considering a tax revision and tax reduction bill now before the House of Representatives.

The committee is authorized to hold hearings, to sit during the sessions and recesses of the Sixty-eighth Congress, and to employ such stenographic and other assistants as it may deem advisable. The committee is further authorized to send for persons and papers; to require by subpœna the attendance of witnesses, the production of books, papers, and documents; to administer oaths; and to take testimony. Subpœnas for witnesses shall be issued under the signature of the chairman of the committee. The cost of stenographic service to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee shall be paid from the contingent fund of the Senate.

On March 5, 1924, the Committee to Audit and Control the Contingent Expenses of the Senate reported the resolution. On March 7, 1924, the resolution was referred to the Committee on Finance, and on March 10, 1924, the Committee on Finance reported the resolution back to the Senate. On March 12, 1924—page 4023 of the RECORD—the resolution was adopted without a record vote after all the preamble and provision for the employment of experts had been stricken out. The senior Senator from Kansas [Mr. CURTIS] was occupying the chair, and he appointed Senators WATSON, Ernst, Jones of New Mexico, KING, and COUZENS, with Senator WATSON as chairman. On March 14, 1924, the committee held its first meeting.

The resolution shows that we had no authority to employ experts, lawyers, accountants, or engineers. We attempted to get along without the employment of such experts but it seemed impossible, so finally Senator Jones of New Mexico, recognizing the situation, suggested that we should arrange for the appointment of counsel. On April 9, 1924, I offered a resolution in the committee—page 505 of the committee hearings—providing that Francis J. Heney, of California, be appointed counsel for the committee.

The committee approved the resolution by a vote of 3 to 2, with Senators WATSON and Ernst dissenting. As the committee was without funds and I had had difficulty in getting the resolution out of the Committee on Finance, I proposed to pay the expense of counsel. It afterwards developed that to have done this might have been against the law. Although four members of our committee were lawyers, none of them suggested to me that it would be illegal, the statute prohibiting it had evidently slipped their minds, and I, of course, knew nothing about it.

However, on page 511 of the committee record Senator KING said:

> I would prefer that a provision be inserted that his activities—
>
> Mr. Heney's—
>
> in connection with preparing the case, that his work should be done under the direction of the committee.

To this we all agreed as will appear by the colloquy that took place on pages 513 to 516 of the committee record. The resolution authorizing the appointment of counsel was thus approved, April 9, 1924.

Just prior to this action to authorize the employment of counsel, namely on March 24, 1924 (page 200 of the record of committee hearings), I asked Mr. Hartson, solicitor of the bureau, if he could give us any information within the rules, concerning the Standard Steel Car Co. case. Mr. Hartson replied that all of the cases in connection with which the Secretary's name had been mentioned would be submitted very gladly to the committee. He further stated that he was quite certain that this was going to be done in the case of all of the Secretary's companies.

On March 25, 1924, page 223 of the record of hearings of the committee, Deputy Commissioner Nash said to the committee that he had a statement from the Secretary of the Treasury to present to the chairman of the committee, Senator WATSON. The letter read:

In the hearing before your committee yesterday, what purported to be a copy of a memorandum delivered by an ex-employee to a member of your committee was introduced and has been made the basis of headlines in the newspapers which might lead the public to believe I had sought to influence the Bureau of Internal Revenue in its consideration of the tax liability of certain companies in which I am interested as a stockholder. As I have already stated, I have never interfered in any way with the Bureau of Internal Revenue in any tax matter, least of all would I do so in cases in which it might be charged that I was personally concerned. I feel, however, that it is due to me and to the companies involved that your committee make an immediate investigation in order that you may thoroughly satisfy yourself and the public whether or not these companies have received any favors from the Government.

Three companies which have been mentioned are the Gulf Refining Co. and its subsidiaries, the Standard Steel Car Co. and the Aluminum Co. of America. Each of these companies has advised the Commissioner of Internal Revenue that it waives its right to privacy under the statute and the Commissioner is authorized to produce to your committee without restriction of any kind all of the tax returns and accompanying papers for each tax year. Messrs. Ernst & Ernst, certified public accountants, are familiar with the tax adjustments of these companies, since they handled their presentation before the bureau. They can, undoubtedly, be of assistance to your committee in explaining the complicated questions involved, and I am informed are ready to respond to any call of your committee. Mr. A. C. Ernst will be in Washington on the 26th and will be available then or thereafter. If question is later raised with respect to any other companies in which I may be interested, I shall be glad to do what I can to obtain similar publicity to their returns.

(Signed) A. W. MELLON,
Secretary of the Treasury.

I draw this to the attention of the Senate to emphasize that the inquiry into Mr. Mellon's companies was made at his request and not at my request, as claimed by former Senator Ernst and some of the press.

On April 10, 1924, I became ill and was afterwards sent to Johns Hopkins Hospital for an operation and was unable to return to the Senate until June 6, 1924, and on June 7, 1924, the Senate adjourned.

While I was absent, on April 10, 1924, the President sent to the Senate a message and inclosed a letter addressed to him by Mr. Mellon. They are printed on page 6087 of the CONGRESSIONAL RECORD of that date.

The President's message said in part:

> It seemed that the request for a list of the companies in which the Secretary of the Treasury was alleged to be interested, for the purpose of investigating their tax returns, must have been dictated by some other motive than a desire to secure information for the purpose of legislation.

As I have just pointed out, the Secretary had requested that very thing himself. The President evidently had not been informed by Mr. Mellon that he himself had asked to have the tax returns of the companies in which he was interested investigated. I quote from a part of the Secretary's letter:

> From the line of investigation selected by Senator COUZENS and by the atmosphere which he has seen fit to inject into the inquiry it is now obvious that his sole purpose is to vent some personal grievance against me.

At that time I had no personal grievance.

> All companies in which I have been interested have been sought out. This investigation has disclosed that no company in which I may have been interested has received any different or better treatment than any other taxpayer. Any constructive purpose of the committee has now been abandoned.
>
> At a meeting of the committee yesterday Senator COUZENS carried a resolution against the objection of the two Republican members, empowering Francis J. Heney to assume charge of the investigation and to conduct the examination of witnesses, with the understanding expressly stated in the resolution that neither the committee nor the Government pay Heney's compensation. In effect, a private individual is authorized to investigate generally an executive department of the Government. This individual is paid by, not the Senate or its committee, but Senator COUZENS alone.

It will be noticed here that 17 days after Secretary Mellon had declared, as due him and his companies, that they be investigated, that he complains that all the companies in which he had been interested had been sought out for investigation. In addition to this, I desire to point out that Mr. Mellon further stated the investigation had disclosed that no company in which he may have been interested had received any different or better treatment than any other taxpayer, and yet only 17 days had elapsed from the time he asked us to make this investigation until the time he complains we were selecting his companies.

Incidentally, at that point I may state that we had nobody to examine the returns. We did hold hearings in which we heard complaints; but we had no experts to investigate the files that had been furnished the committee by the Secretary.

The facts are apparent. It will be seen that we had no one to make the investigation. It was therefore obvious that the Secretary was saying something that was untrue when he said:

> This investigation has disclosed that no company in which I may have been interested has received any different or better treatment than any other company.

Mr. Mellon was at that time protesting against our employing some one to make the investigation. I desire to emphasize here that the resolution adopted by the committee clearly stated that Mr. Heney's activities were to be under the complete control of the committee and that nothing could be done by him without first getting instructions and directions by the committee in executive session.

Mr. Mellon further advised the President—

> Government business can not continue to be conducted with frequent interference by investigations of Congress, entirely destructive in their character. Government by investigation is not government.

This will appear very strange reading, in view of what the investigations of the Senate have disclosed in the matter of oil leases, the conduct of the Department of Justice under Attorney General Daugherty, and the conduct of the Veterans' Bureau under Mr. Forbes, and the conduct of former and present Cabinet officers in the handling of the deficiency in the Republican campaign fund of 1920.

Strange that Government by investigation is not government in view of all these disclosures. The disclosures of the committee investigating the Bureau of Internal Revenue will not be dealt with here, because I am simply replying to Senator MOSES's charges that this is a feud.

On the same day that the President's message was received by the Senate, Senator WATSON, of Indiana, introduced Senate Resolution 210, which called for the discharge of the Select Committee of the Senate to Investigate the Bureau of Internal Revenue. On April 11, 1924, Senator Jones of New Mexico, introduced Senate Resolution 211, which provided for the continuation of the committee work and the appointment of experts, counsel, engineers, and so forth. From then on, intermittently, there was discussion concerning these resolutions until May 6, 1924, when the Senate, without a record vote, adopted Senator Jones's Resolution 211, and then, without a record vote, laid Senator WATSON's resolution on the table.

While I was in the hospital at this time and could not participate, the RECORD evidences an overwhelming conviction that the investigation should continue. However, Chairman WATSON held no meeting and Congress adjourned June 7, 1924.

On July 22, 1924, Senator WATSON called me by phone at Detroit and said he wanted a meeting of the committee to investigate the Bureau of Internal Revenue. We agreed over the telephone to hold a meeting on July 25, and I came to Washington for that purpose.

At this meeting Senator WATSON resigned as chairman and I was selected by the committee in his place. Senator Jones and I were named as a committee to employ experts and assistants. From then on an organization was completed, and work continued with numerous hearings until January 3, 1925, when the committee began transmitting to the Senate reports of evidence taken in executive sessions signed unanimously by the committee. These reports were filed in installments because of the volume of evidence. The reports were not printed in the RECORD, but were filed in the office of the Secretary of the Senate.

On March 7, 1925, the New York World published a first-page account of some of this testimony under the heading:

> Thompson saved huge income tax, record reveals.

This date is important. I hope Senators who are listening will remember that that was March 7, 1925. The reference was to the case of William Boyce Thompson, chairman of the ways and means committee of the Republican National Committee, and the man referred to by Mr. Mellon before the Public Lands Committee recently as being active with Will Hays in raising the Republican campaign fund of 1920.

Remember that this was on March 7, 1925, early in the morning that the New York World came out with this story, because on the same afternoon, or about eight hours thereafter, Commissioner David H. Blair and his assistant, Deputy Commissioner C. R. Nash, appeared at the door of the Senate, invited me outside, and told me they wanted to present me with some papers they had. I took the commissioner and his assistant, Mr. Nash, into the Vice President's office, which was not occupied, and then Commissioner Blair handed me the following letter:

> MY DEAR SENATOR: I inclose herewith a copy of a memorandum which has been received in the Treasury Department in connection with your 1919 income taxes. An examination of your return for that year shows that the figures mentioned in the memorandum as of March 1, 1913, market value of the stock for taxation purposes, approximate the value upon which the tax was originally assessed, but there appears nothing in the files of the bureau to sustain the correctness of this value. The memorandum, on the other hand, makes out a prima facie case of too low a March 1, 1913, value.
>
> Being put upon notice, the bureau necessarily must take action to establish the correct value. The bureau records show that your return for 1919 was filed on March 13, 1920. The statute of limitations will, therefore, run on March 13, 1925, less than a week from to-day. In order that the bureau may have time to investigate the information contained in the memorandum and that you may have an opportunity to present to the bureau evidence tending to justify the figure estimated for the March 1, 1913, value, it is suggested that you sign and return to me the inclosed waiver, upon receipt of which you will be given ample opportunity to present your case to the bureau.
>
> In the event, however, that the bureau does not receive the waiver promptly, in order to protect the United States, it will be necessary to assess against you an additional tax based upon the information now available to the bureau.
>
> Under the practice in force hearing to review such an assessment may be had in the solicitor's office, and in the event the assessment is there confirmed you will, of course, have your appeal to the Board of Tax Appeals.
>
> Yours very truly,
>
> D. H. BLAIR, *Commissioner.*

With the letter he handed me a memorandum which charged that a valuation made by the bureau in 1919 of the Ford Motor Co. stock, as of March 1, 1913, was in error and that I owed the Government additional taxes of between ten million and eleven million dollars.

Mr. Blair would not tell me who the author of the memorandum was.

This seemed a very strange procedure in view of the fact that all communications on other tax matters had been mailed to my legal residence in Michigan.

I thought that if I should sign the waiver while investigating the Bureau of Internal Revenue that my waiver might be considered as a club to halt the work that I was trying to do, so I promptly declined to sign it.

On March 13, or thereabouts, information came to me that seemed reliable that the Treasury Department had a like memorandum submitted to it early in 1922. I had no way of verifying this. However, on March 13, I drew the Senate's attention to this fact, record of which will appear on page 193 of the RECORD. I did this because the 1922 memorandum, it will be observed, was filed with the bureau at the time there was a political fight being made against the seating of Senator Truman H. Newberry.

Mr. Mellon evidently was in New York, because on March 14 former Senator Ernst, of Kentucky, received the following telegram from Mr. Mellon:

> I understand that you wish to learn from me when first there was brought to my attention the question of an additional tax being due from Senator COUZENS on his 1919 taxes. While Finance Committee was considering extension of life of Couzens committee in February, this year, the person who later furnished the memorandum which Mr. Blair sent Senator COUZENS called on me and stated that the minority stockholders, including Senator COUZENS, who sold out to Mr. Ford in 1919, owed large additional taxes. The information was entirely new to me. I was unwilling to raise the question then, because I would be charged with attempting to intimidate Senator COUZENS in his effort to have his committee extended. On March 6 of this year I received a memorandum giving detailed information with respect to the valuation of the Ford stock, a copy of which was delivered to Senator COUZENS the next day by Mr. Blair.

I draw your attention that Mr. Mellon had information concerning this alleged condition in February, but he says he would not act upon it because the life of the Couzens committee was in the balance and he might be charged with attempting to intimidate me in my effort to have the committee extended. However, he had no hesitancy in proceeding after the authority of the committee had been extended and we had real power to continue the investigation.

For reference, I desire to point out that on February 9, 1925, I introduced Senate Resolution 333, to extend the life of the Select Committee of the Senate Investigating the Bureau of Internal Revenue. The resolution was adopted February 26, 1925. This point I desire to bring out—that even then no assess-

ment was made against me until the day that some of the evidence commenced to appear in the public press.

During the speech of the former Senator from Kentucky, Mr. Ernst, and after he had read the telegram from Mr. Mellon, the Senator from Virginia took the floor and told how the valuation of 1919 was made by the best men in the bureau, and said that the Senator from Kentucky had emphasized the suggestion that this memorandum was "newly discovered evidence"—so "newly discovered evidence that the Treasury Department had but a few days to avert the disadvantage of the statute of limitations." The Senator from Virginia asked anyone to point out one statement from the Secretary of the Treasury wherein the Secretary contended this memorandum was "newly discovered evidence."

The assessment was formally made before the running of the statute of limitations, as a so-called jeopardy assessment. The amount involved some $30,000,000 additional assessment against my former associates and myself.

After the assessment was made, all but one of the taxpayers put up bonds and appealed to the Board of Tax Appeals. The first hearings before the Board of Tax Appeals took place in Detroit in January, 1927. On January 17, 1927, one of the attorneys for the taxpayers addressed the board as follows:

Mr. DAVIES. In connection with this 1922 memorandum we would like to ask the Government whether there are any memoranda or documents pertaining thereto in the files of the Treasury Department, disclosing when, if at any time, it was considered, and by whom. And if he is unable to give us that, we would then request that he give us the name of the official who could answer certain inquiries with reference to the course of this memoranda and what happened to it in the Treasury Department, under oath, subject to subpœna.

To this request the counsel for the bureau made objections. To these objections Mr. John W. Davis, counsel for the taxpayers, said:

May I say one word? Quite regardless of the question of procedure, whether this evidence is to be procured by subpœna duces tecum, or by successive subpœnas to every officer of the bureau who might by any possibility have cognizance of these facts—which, of course, would be within our rights—or whether it is to be produced as a result of a voluntary tender on the part of the Government is, in the last analysis, a matter of convenience as between counsel, the board, and the Government. But it seems to me, on the question of right, there is something very deep in connection with this particular demand.

This suit is something more than a mere contest between private litigants, each one striving for an advantage, each one desirous to give to his adversary so much information and no more, and as he may be compelled to furnish by the rules of law.

This suit is a contest between the Government and the citizens, and I maintain it to be a fundamental right of a citizen when confronted by his Government to know everything that the Government or any one of its officers has done that affects in the most remote fashion the right that he asserts.

There are no secrets between the Government of the United States and the citizens who support it, and there should be none. There is no bureau in Washington that should not be open from top to bottom to any citizen of the United States in any matter that concerns the slightest of his rights.

This is not a contest for final victory between these parties. Mr. Fred Lehman, of St. Louis, when he was Solicitor General of the United States, gave voice to an epigram that I have always believed ought to be framed and hung on the walls of every legal representative of the United States, or, indeed, of any representatives of the United States who is charged with the solution of a controversy with any citizen; and that epigram was this: "That whenever the case is decided right, the Government wins." And so it does; because the major purpose of any Government is to do justice between the citizen and the power that he supports and to whom he owes allegiance. So, I insist that, as a matter of substantive right here, whatever the machinery may be by which we reach it—and that is a matter purely of convenience—but as to substantive right, there is no demand that we can make on the Bureau of Internal Revenue that it is not its duty to comply with.

I think that statement is so clear and so important in all the affairs of our Government that I wanted to have it placed forever in the CONGRESSIONAL RECORD.

The Board of Tax Appeals did not rule on the demand for this file of 1922 which it was charged the bureau had.

In the afternoon of the same day and after the noon recess Mr. Gregg, counsel for the bureau, returned to the Board of Tax Appeals, and for the first time admitted there was a file of 1922. Remember, this was in January, 1927. He asked the attorneys for the taxpayers to designate some representative to view that file in his office, and said he "would be glad to furnish him with any part of it he might desire."

Two attorneys for the taxpayers, Mr. Prettyman and Judge Lacy, were appointed to inspect the file in Mr. Gregg's office in Detroit.

During the inspection of the file Judge Lacy, counsel for the taxpayers, asked Mr. Gregg for permission to have the file overnight so that he might copy from it what he desired to copy. When the attorneys got into the file they found that they needed it all, so they had the entire file photostated and turned the original file back to Mr. Gregg the next morning.

After conclusion of the hearings in Detroit, the board took up the case again in Washington, and on February 12, 1927, this file was introduced into the record, page 2650.

As a result of securing this file, we found a letter from the senior Senator from Indiana [Mr. WATSON] to Hon. David H. Blair, dated February 11, 1922. The letter reads as follows:

I am writing you at your home—

At your home—

because I want you to get this letter. After you read the inclosed, return the whole thing to me, as I want to use it in the future. This refers to the subject of taxation, in so far as it relates to Henry Ford, a matter I have hitherto taken up with you, but which we did not run to a finality. Look this over carefully, and if you deem it worthy of further consideration set somebody to work on it to find out just what there is to it. I shall be very glad if you will do this. With best wishes,

Sincerely yours,

JAMES E. WATSON.

This appears on page 2656 of the transcript of hearings before the Board of Tax Appeals.

To this Commissioner Blair replied under date of February 15:

I am returning the papers which I received from you yesterday. I have made a copy of the statement so as to make another investigation. I shall trace it this time through entirely different channel, and if we get any results we shall let you know. I thank you for calling my attention to it.

Another paper in this file was one dated February 27, 1922, addressed to Mr. Chatterton, assistant to the deputy commissioner, signed by one Paul F. Cain, assistant head special audit division.

At this point I ask unanimous consent to have the complete memorandum placed in the RECORD.

The PRESIDING OFFICER (Mr. ROBINSON of Indiana in the chair). Is there objection?

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

FEBRUARY 27, 1922.

In re: Ford Motor Co., Detroit, Mich.

Mr. CHATTERTON: With reference to the case mentioned above, which we have been discussing and in which the point as considered by us was the value of March 1, 1913, of the stock of this corporation, you are advised that I find a memorandum dated May 17, 1919, signed by Mr. P. S. Talbert, acting deputy commissioner, in which he arrives at a value of $9,489.34 per share as of March 1, 1913, and in this connection I have worked up three possible methods which might be used in determining the value as of March 1, 1913.

The first and usual method of determining the March 1, 1913, value would be to take the earnings of five years prior to March 1, 1913, and capitalize these earnings on the basis of 10 per cent and consider this as the March 1, 1913, valuation.

In this case it is not possible to secure earnings for the entire five years prior to March 1, 1913, but earnings for four years and five months from October 1, 1908, to February 28, 1913, were secured and show the value of $3,617 as the value of one share of stock of this corporation as of March 1, 1913. The exact means by which this value was determined may be shown as follows:

Earnings October 1, 1908, to February 28, 1913

Four years five months	$31,950,006.93
Earnings 1 month (average)	602,830.32
Earnings 1 year (average)	7,239,963.84
Earnings per share (based on 20,000 shares of capital stock)	361.70
Value based on 10 per cent capitalization	3,617.00

This method, of course, presupposes that average conditions were prevailing from the four years and five months and does not take into account any unusual changes that might have taken place in any period during this period. Since there was a marked change in the general policy in the expansion of the business during the year 1912, it seems to me that it is entirely unfair to use the years prior to 1912 and average the earnings for those years along with 1912 and 1913, when entirely different conditions were prevailing. It seems that in 1912 plans for expansion of the business were set in motion, properties were bought in many sections of the country, assembling plants were constructed, and various other similar factors became a part of the policy

of the corporation, all of which would have a decided effect upon the earning capacity and value of stock of the corporation. That such a change did have a decided effect is shown from the fact that the average earnings for the four years and five months prior to March 1, 1913 (even considering 1912 as a part of the period) showed $7,233,963.84, whereas the earnings for the year 1912 were $14,119,989.87 and for the year 1913, $26,651,754.92, and this rate of earnings was continued subsequent to 1913, increasing rather than decreasing. I therefore feel that while it is unusual, at the same time it is entirely reasonable to work on that short period from January 1, 1912, to March 1, 1913, and determine, if possible, a fair value for the stock. Two possible methods may be used. In the first place, we may proceed as follows:

Earnings, Jan. 1, 1912, to Dec. 31, 1912	$14,119,989.87
Earnings, Jan. 1, 1913, to Feb. 28, 1913	3,972,896.17
Total earnings for 14 months	18,092,886.04
Average earnings for 1 month	1,292,349.00
Average earnings for 12 months	15,508,188.00
Earnings per share (20,000 shares)	775.40
Value per share based on 10 per cent capitalization	7,754.00

A second method, and that used in values which are now under consideration, is one slightly different from the one used above, and is as follows:

Earnings Jan. 1, 1912, to Dec. 31, 1912	$14,119,989.87
Earnings, Jan. 1, 1913, to Feb. 28, 1913, $3,972,896.17. Assumed earnings for year 1913 based on earnings for the first 2 months of 1913 ($3,972,896.17 by 6)	23,837,377.02
Total	37,957,366.89
Average for 1 year	18,978,683.44
Earnings per share (20,000 shares)	948.934
Value per share based on capitalization of 10 per cent	9,489.34

Of the two methods outlined above, it would seem to me that the method that has been used in this case is the preferable one, although it does not conform exactly to A. R. M. 34, in that to a certain extent it might be said to take into consideration subsequent years, although I feel this is true only in a slight degree. It will be noted that the earnings for the full year 1912 were considered and then the earnings for 1913 were determined as an estimate based on the earnings which had accrued to March 1, 1913. It would seem reasonable to suppose that a purchaser of this stock could take into consideration that the earnings for 1912 (since the marked change in financial policy and expansion of business) were approximately $14,000,000, and that an amount had been earned during the first two months of 1913 which if continued during 1913 would show an earning of a little less than $24,000,000; that the estimate for the year 1913 based on the first two months was conservative is shown when the earnings for the entire year are finally determined, in that the total earnings for the year are found to be approximately $26,650,000. In view of the fact shown above and the general study I have made of this case, I feel that a fair estimate of the value of this property was arrived at in the figure of $9,489.34, and that this is more nearly correct than either the figure of $3,617 or $7,754, and that the value which has already been used is a fair value.

PAUL F. CAIN,
Assistant Head, Special Audit Division.

Mr. COUZENS. Mr. President, I am not going to take up the time of the Senate to have the memorandum read, but will comment on the findings in the memorandum.

Mr. Cain reviews the earnings of the Ford Motor Co. and several estimates of the value of the stock as of March 1, 1913. The value of the stock as of March 1, 1913, is the controversial issue.

After Mr. Cain had elaborately reviewed all of these estimates of the valuation, as appeared in the statement I have put in the RECORD, he concludes his memorandum with the following sentence:

In view of the facts shown above and the general study I have made of this case, I feel that a fair estimate of the value of this property was arrived at in the figure of $9,489.34 and that this is more nearly correct than either the figure of $3,617 or $7,754 and that the value which has already been used is a fair value.

That is a determination of the valuation made by Mr. Roper in the Treasury Department during 1919.

The file to which I have above referred to was marked on its cover "Henry Ford," it evidently being thought that if this valuation was improper or incorrect any additional tax could be made against Henry Ford. This was in error, because it was later disclosed that individual stockholders were the responsible parties.

This file contains another paper, dated May 22, 1922, signed by Special Agent P. L. Roche, of the special intelligence unit, which says in part:

It is further alleged that the sale was consummated and completed upon these figures; that a contract was entered into between Mr. Ford and the vendors above named, by which Mr. Ford agreed to assume all responsibilities in case of any reaudit and reappraisal in the transaction.

If an examination of the records in the bureau at Washington fails to show that an appropriate tax was paid, based on the figures shown in this report, I suggest that a case be jacketed on this matter and referred to this division for investigation.

Another letter in the file is addressed to the chief of special intelligence unit of the Internal Revenue Bureau. That unit is a special unit for the investigation of cases that might not have been handled properly in some other division, or in which there is an indication that fraud may have existed. The letter is from Special Agent Nolan at Chicago, dated May 23, 1922, and in its conclusion says:

It is suggested that an examination of the records of the bureau be made with a view of determining whether a return compatible with the figures mentioned by Special Agent Roche has been made. In the event of a discrepancy sufficient to justify a further investigation appears, it is recommended that the case be jacketed and recommended to this department for investigation.

Another communication in the file, dated June 21, 1922, signed Special Agent J. R. Cox and addressed to Mr. Irey, chief of the Unit, in part says:

At your suggestion, I had an interview on the 17th instant with Mr. Justice, head of the field division, Income Tax Unit. Mr. Justice stated that while he was internal revenue agent in charge at Detroit the returns of the Ford Motor Co. and the individuals who formerly held stock in the Ford Motor Co. were investigated by revenue agents working under his direction; that at the time he was furnished by the bureau with a statement showing the valuations of the Ford Motor Co. properties, as of 1913, which valuation was used by the agents, both in the investigation of the Ford Motor Co.'s returns and in the investigation of the returns of the individuals who had sold stock to Mr. Ford; that it is his understanding that a committee, of which Mr. Talbert was chairman, was sent by the bureau to Detroit and that this committee submitted a confidential report giving the basis for the valuation of the properties, as of 1913; that he did not have a full copy of this confidential report, but was simply furnished by the bureau with the value of the properties that was to be used by the internal revenue agents in their investigation.

Mr. Justice stated also that some time recently a newspaper reporter had been making claims similar to the claims set out in the communication of Special Agent Roche and that, at the suggestion of Mr. Blair, he had had one or more conferences with Senator WATSON, of Indiana, with reference to the matter. In this connection Mr. Justice stated that as a result of the investigation made by the agents working under his direction the Ford Motor Co. was recommended for an assessment of approximately $4,000,000 in additional taxes and that the case is still pending in the bureau. He stated also that he has made several efforts to locate the confidential report submitted by the committee of which Mr. Talbert was chairman fixing the valuation of the properties, as of 1913, with a view to ascertaining on what grounds the valuations were based, but that he has not been able to locate the report within the bureau.

Another letter in the file dated June 22, 1922, addressed to David Nolan, acting special agent of the intelligence unit at Chicago, and signed by Mr. Irey, chief, special intelligence unit, said in part:

Inquiries made in the bureau have developed that information similar to that contained in special report of Special Agent Roche has been received in the bureau on one or more occasions previously; that the returns of the Ford Motor Co. and the individuals who sold their stock have been investigated by internal revenue agents, and that the bureau is fully conversant with all of the details concerning this matter. Under the circumstances there is, of course, no necessity for any further investigation by the special agents at the present time.

Another letter in this file was a letter signed by Mr. M. T. Johnson, chairman of the committee on appeals and reviews, dated September 29, 1922, addressed to Mr. Carl A. Mapes, solicitor of the Internal Revenue Bureau, as follows:

In re: Tax liability of Henry Ford et al.

In accordance with your request I have reviewed the attached file in re tax liability of Henry Ford and others concerned, which grew out of the sale of the Ford Motor Co. stock in June, 1919. It is probable that the attached file has reference to the tax liability of the Ford Motor Co. rather than that of Henry Ford. I can not see how Mr. Ford realized any gain through the purchase of the minority interest in the Ford Motor Co. in June, 1919.

Under date of May 17, 1919, Mr. Talbert, then chief of the technical division of the Income Tax Unit, made a report upon an investigation made by himself, Mr. Burlingame, Mr. King, Mr. Masland, and Mr. Taylor in Detroit with a view to establishing the March 1 value of the Ford Motor Co. stock. This report was addressed to the Commissioner of Internal Revenue and was evidently approved by him as the

basis for computing gain upon the subsequent sale of such stock. The March 1 value fixed by Mr. Talbert in his report was $9,489.23 per share. The attached file contains the original report addressed to the commissioner and I am inclined to think that the basis used in fixing the March 1 value is sound. It is understood that this stock sold in June, 1919, for $12,000 per share, thereby showing a profit of approximately $2,500 per share upon which it is assumed the stockholders have paid tax.

I am attaching hereto a copy of the net income, average earnings per share, capital, and surplus for the period January 1, 1909, to July 31, 1918. This is a copy of the report in our file in this case.

In view of the consideration which has been given to fixing the March 1 value of this stock for the purpose of computing gain or loss upon the sale thereof in 1919, I believe that the valuation so fixed and approved by the commissioner is fair both to the taxpayer and to the Government and that the case should be considered closed.

To this letter are affixed the words—

Approved, (signed) C. A. Mapes.

He was Solicitor of Internal Revenue at that time.

In this file I note a memorandum, as follows:

Mr. COMMISSIONER: In the light of Mr. Johnson's memo, I concur in the recommendation.

(Signed.) C. A. M.

Before the Board of Tax Appeals in Washington, February 10, 1927, Commissioner Blair, being on the witness stand under oath, was asked this question by Mr. John W. Davis:

You did communicate with Senator WATSON the substance of those memoranda?

To which Mr. Blair answered:

I will assume I did. I have no independent recollection of it.

This shows conclusively that the substance of the memorandum of 1922, to which I have directed your attention, is the same as the memorandum of 1925. There may be some difference in detail, but the controversy was the valuation of the Ford stock as of March 1, 1913.

The evidence I have just referred to clearly indicates that there was much evidence to justify the March 1, 1913, valuation, as determined by the bureau in 1919.

On page 44 of the petitioners' statement of facts before the Board of Tax Appeals there appears a table showing that the original valuation of March 1, 1913, had been approved by 63 official acts confirming the Roper valuation of 1919. This list consists of at least 32 different officials approving of it, including three commissioners, four deputy commissioners, two solicitors of internal revenue, two chairmen of the committee on appeals and review, the chief of special intelligence, three heads of the personal audit division, two revenue agents in charge, four revenue agents, one assistant head of the technical division, and 10 auditors, conferees, and section chiefs, including the chief of the section having charge of stock-sale transactions.

Yet with all these reports on the case, and with 32 officials of the bureau having considered the case, and with these 63 official approvals of the valuation of 1919, I want to call your attention to Mr. Blair's letter handed to me on March 7, 1925, in which he says:

But there appears nothing in the files of the bureau to sustain the correctness of this value.

And, furthermore, that in the same letter he said:

In order to protect the United States it will be necessary to assess against you an additional tax based upon the information now available to the bureau.

The next important incident in this chronology of the case occurred on January 13, 1927, when the Board of Tax Appeals was hearing the case at the Hotel Statler in Detroit.

On January 13, 1927, a Mr. Howe P. Cochran, 831 Munsey Building, and a Mr. W. N. Wood, both of Washington, came to my office about 6 o'clock in the evening with important information concerning this case.

Mr. Cochran expressed his interest in the tax case. He said he had worked up a plan which would result in the case being thrown out of court in five hours. He said he had obtained his information legitimately; that it was a plan he had worked up. He said he would present me with the plan with the understanding that if the case was thrown out by the board on his presentation, he was to have a fee of 5 per cent of the amount saved. If it was rejected on more than one point, but his point was involved, then the fee was to be fixed, fairly. If it was not thrown out on his point, no fee was to be paid him.

Finally Mr. Cochran advised me that if he took the case he would have to first consult with Treasury officials. That appealed to me as rather strange, and I asked him who he was going to see in the Treasury Department. He said, "I am going to see Mr. Gregg." I said, "Mr. Gregg is in Detroit." He then said, "Well, I will see somebody else."

After some conversation I suggested that he come back the next day. About 10.30 the next morning a boy came to the office with a note from Mr. Cochran, which I quote:

JANUARY 14, 1927.

Senator JAMES COUZENS,

Washington, D. C.:

I thank you for the courtesy extended to me last night.

The conclusion we reached, as I understand it, was that I am to give you this new defense.

That you are to use it or not as you see fit.

That if you use it you will give me 5 per cent of the saving attributable to it, and

That in case of any question or difference the whole matter is to be left entirely with you for settlement along the lines that your sense of fair dealing would dictate, and that I am not to complain.

In this connection, I will say that the new defense is nothing that I obtained by any but honorable means, and that it was not obtained from the Treasury Department or Treasury officials. It is a complicated—yet simple and plain—plan worked out by me, but it achieves the ends you seek, which you explained to me.

Mr. Wood thought that I did not make it clear that I expected 5 per cent of the saving on the whole case (as distinguished from your case alone).

As to this, if you did not so understand it, I am sure that the other litigants will, if you suggest it, join in the plan.

With your permission I will call you at 11.30 o'clock to-day.

Yours very truly,

(Signed) HOWE P. COCHRAN.

In the meantime I had made some inquiry concerning Mr. Cochran and ascertained that he had been a clerk in a cotton-brokerage office in New York prior to the war; that he came to Washington and served for a short time as a clerk in the Bureau of Internal Revenue; that he then resigned and went into practice as a tax expert. The inquiry showed that he was not a lawyer nor an auditor.

The information I secured was to the effect that he was quite well known around Washington as being one of the men who knew the inside tax game, and that he was a close friend of Paul Cain, of the Internal Revenue Bureau. This information was sufficient for me to dispose of Mr. Cochran, and my secretary telephoned him about 5 o'clock that I was not interested further in the matter.

Mr. Cochran, however, persisted, and he came to my office on the following day about 10 o'clock, and during a conversation I asked him what interest Paul Cain had in the case.

Remember, that at that time we had not had access to the 1922 file, and I did not know that Mr. Cain was in 1922 assistant head of the special audit division and had written a long opinion affirming the original valuation made by Commissioner Roper.

Mr. Cochran, when I asked him what interest Mr. Cain had in the case, admitted that he had conferred with Mr. Cain about his—Mr. Cochran's—proposition to me. He said that he had known Mr. Cain from the days when they had worked together in the bureau and that never had Mr. Cain given him any information or helped him in any of his cases.

I then dismissed Mr. Cochran, and under date of January 17, 1927, I wrote Mr. Blair, Commissioner of Internal Revenue, and pointed out to him that Mr. Cochran had come to my office to solicit tax business, that he had admitted having talked to Mr. Cain, and I thought it was my duty to submit the matter to him, because one of the rules of the Treasury Department under which tax experts are supposed to be disbarred from practice before the departments is for the solicitation of tax business.

To this letter I received a reply from the commissioner in which he stated that the Board of Tax Appeals was not a part of the Treasury Department, and that solicitation of such a case would not come under the regulations as to practice before the Treasury Department. In this letter the commissioner also inclosed a memorandum from Mr. Paul Cain, who, by the way, is still an employee of the bureau, which memorandum, on Treasury Department stationery, dated January 24, 1927, reads as follows:

On January 13, 1927, Mr. H. P. Cochran called me on the telephone at my home and stated that he had phoned the office and was advised that I had been ill for the last week or so. He asked if I were better and whether he could see me for a few moments if he called. I told him that I would see him, and he did call at my home. Mr. Cochran stated that he was about to be employed on the Couzens case, and he asked me if he were employed whether it would hurt his standing in any way with the bureau. My reply was that I did not see that it

should, the Couzens case being no different than any other case so far as the department is concerned. He then asked whether his handling of the case would prejudice other cases he had before the bureau. My reply was that I could see no reason why it should. Mr. Cochran then stated that he was sorry that I had been ill, and hoped I would be able to be out soon. He then thanked me and left the house.

I offer for the RECORD the correspondence in this case and ask permission to have it printed in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The correspondence is as follows:

831 MUNSEY BUILDING,
Washington, D. C., January 14, 1927.

Senator JAMES COUZENS,
Washington, D. C.

DEAR SIR: I thank you for the courtesy extended to me last night.

The conclusion we reached, as I understand it, was:

That I am to give you this new defense;

That you are to use it or not as you see fit;

That if you use it you will give me 5 per cent of the saving attributable to it; and

That in case of any question or difference the whole matter is to be left entirely with you for settlement along the lines that your sense of fair dealing would dictate, and that I am not to complain.

In this connection I will say that the new defense is nothing that I obtained by any but honorable means, and that it was not obtained from the Treasury or any Treasury officials. It is a complicated—yet simple and plain—plan, worked out by me, but it achieves the ends you seek, which you explained to me.

Mr. Wood thought that I did not make it clear that I expected 5 per cent of the saving on the whole case (as distinguished from your case only).

As to this, if you did not so understand it, I am sure that the other litigants will, if you suggest it, join in the plan.

With your permission I will call you at 11.30 o'clock to-day.

Yours very truly,

HOWE P. COCHRAN.

JANUARY 17, 1927.

Hon. D. H. BLAIR,
Commissioner of Internal Revenue, Washington, D. C.

MY DEAR MR. COMMISSIONER: About 6.15 p. m. on the evening of January 13, Mr. Howe P. Cochran, 831 Munsey Building, called on me to solicit my interest in engaging him in the case in which former Ford Motor Co. minority stockholders are now appealing to the Board of Tax Appeals in Detroit against the assessment with which you are familiar. He had with him a Mr. Wood, who, I understand, was simply a friend and who made the appointment for me to see Mr. Cochran. Mr. Cochran drew such an alluring picture of the simplicity of his methods of securing results for us that he had my curiosity aroused. So I asked him what he expected out of it, and he said 5 per cent of the saving. Prior to this, however, he stated that before he could take the case he would have to consult with the officials of the Bureau of Internal Revenue, mentioning Mr. Gregg by name. I suggested that Mr. Gregg was in Detroit, and he said there were others in the bureau he could see in his place. The next day he admitted he called on Mr. Paul Cain, who approved of his taking the side against the Government. Early on the morning of the 14th a messenger brought a letter, copy of which I am inclosing, but as I had committee meetings in the morning the messenger was advised that we would call up Mr. Cochran at 5 p. m. However, Mr. Cochran called, so my secretary informs me, at about 11.30 on the 14th and was advised again we would call him at 5 p. m. The letter was at variance in some respects to the conversation we had, the principal difference being that before he could undertake to do anything he would have to get the consent of the officials of the Bureau of Internal Revenue. This seemed so unusual that I gave the matter considerable thought and made some inquiry concerning Mr. Cochran, and decided by 5 o'clock that I would have nothing to do with the matter, and Mr. Cochran was advised by Mr. Carson, my secretary, that I would not take any further interest in the matter. In view of the fact that practitioners before the bureau are, I understand, by rules and regulations prohibited from soliciting business, and because of the peculiar circumstances surrounding this matter, I thought it my duty to submit the whole matter to you. If you desire to take this matter up further, and the original of the letter is necessary, I will be glad to furnish it.

Sincerely yours,

JAMES COUZENS.

TREASURY DEPARTMENT,
OFFICE OF COMMISSIONER OF INTERNAL REVENUE,
Washington, January 24, 1927.

Memorandum

On January 13, 1927, Mr. H. P. Cochran called me on the telephone at my home and stated that he had phoned the office and was advised that I had been ill for the last week or so. He asked if I were better and whether he could see me for a few moments if he called. I told him that I would see him and he did call at my home.

Mr. Cochran stated that he was about to be employed on the Couzens case, and he asked me if he were employed whether it would hurt his standing in any way with the bureau. My reply was that I did not see why it should, the Couzens case being no different than any other case so far as the department is concerned. He then asked whether his handling of the case would prejudice other cases he had before the bureau. My reply was that I could see no reason why it should. Mr. Cochran then stated he was sorry that I had been ill and hoped I would be able to be out soon. He then thanked me and left the house.

PAUL F. CAIN.

TREASURY DEPARTMENT,
OFFICE OF COMMISSIONER OF INTERNAL REVENUE,
Washington, January 28, 1927.

Hon. JAMES COUZENS,
United States Senate.

MY DEAR SENATOR: I have your letter of January 17 in reference to Mr. Howe P. Cochran, Mr. W. N. Wood, and Mr. Paul F. Cain.

The matter which was discussed with you by Messrs. Cochran and Wood appears to have been a case now pending before the Board of Tax Appeals. The Board of Tax Appeals is not a part of the Treasury and any question of solicitation of a case pending outside the Treasury would not, therefore, come within the Treasury regulations with respect to practice. Mr. Cain's name is mentioned, however, and since he is an employee of the bureau, I have taken a statement from him as to his connection with the matter, copy of which I inclose.

If you believe anything further should be done on this matter I should be glad to hear from you.

Sincerely yours,

D. H. BLAIR, *Commissioner.*

JANUARY 29, 1927.

Hon. D. H. BLAIR,
Commissioner of Internal Revenue, Washington, D. C.

MY DEAR MR. COMMISSIONER: I have yours of the 28th acknowledging my letter of the 17th in reference to Messrs. Howe P. Cochran, W. N. Wood, and Paul F. Cain.

You are, of course, much more familiar with the rules and the workings of them than I am, but I did not understand that the rules were confined to such a narrow sphere, namely, that they only apply to tax practitioners in dealing with cases within the bureau. My assumption was that persons permitted to practice before the bureau were not permitted to go out and solicit tax business of any kind, or even permitted to advertise the fact.

However, if your rulings do not cover this particular case, I do not know that there is anything further I can say in the matter, although I think it reprehensible for practitioners before the bureau to go out and solicit tax business under any circumstances.

Sincerely yours,

JAMES COUZENS.

Mr. COUZENS. I desire to emphasize at this point what I consider a perfectly logical conclusion—that Cochran knew of this 1922 file which contained Mr. Cain's, Mr. Johnson's, Mr. Mapes's, and Commissioner Blair's approval of the Roper valuation. No one else, that I know of, outside of the Treasury Department knew of this file.

It is apparent that this information was to be delivered to me if I would arrange to pay 5 per cent on some thirty million of assessments made against my associates and myself. In other words, this former clerk, who had inside information of the bureau, was to obtain a fee of about $1,500,000 for his services.

For a moment I refer back to the efforts of our counsel to secure this file which had not been secured at the time of Mr. Cochran's proposition.

Paul Cain is now a member of the special advisory committee within the bureau which is passing upon cases brought before it. How long is this condition of affairs to continue? It is within the power of Congress to correct it. Taxpayers should not be offered up as victims to this practice.

This recital is directed primarily at my own experience. I have no intention of discontinuing whatever efforts I can exert to putting a stop to this practice.

A prominent attorney has suggested to me that "Jesse Smith in his palmiest days could not have beaten that."

If anyone desires to call this a feud, let him do it, but I construe it as a matter of public interest and a part of my senatorial duties to combat this practice.

At an early date I intend to call up Resolution 173, and at that time I will reply to the Senator from Pennsylvania [Mr. REED], who defended Mr. Mellon on March 22, 1928, pages 5151–5154 of the RECORD.

Mr. CARAWAY. Mr. President, will the Senator yield?

Mr. COUZENS. Certainly.

Mr. CARAWAY. An official of the Treasury Department not now connected with it told me that they were splitting fees four ways on some of the income-tax cases; that if some one against whom an assessment was made might go there, the suggestion would be made that certain people had handled cases of that nature successfully, and that was all. If the man then employed that lawyer, his case was quickly disposed of. I was told by this former official that the fees were split four ways. He declined to let me use his name. He afterwards wrote me the entire facts, but would not stand for his signature; and, of course, I have never pushed the investigation, but it occurred to me again since the Senator has made his statement. He was a man brought here from the Pacific coast who held a very prominent place in the Treasury Department for a while.

Mr. COUZENS. I think I know who he is. I think he probably was removed by the late President Harding.

Mr. CARAWAY. Yes; I think everybody knows who he is.

Mr. COUZENS. I have no doubt it was Mr. Dover.

MEMORIAL SERVICES FOR THE LATE SENATOR WILLIS

Mr. FESS. Mr. President, I ask unanimous consent that at 3 o'clock on Friday, May 11, the Senate may hold exercises in commemoration of the life, character, and public services of my late colleague, Senator WILLIS. I am putting the date on Friday instead of on Sunday, so that the exercises may be held during a regular session of the Senate.

Mr. McKELLAR. The Senate will be in regular session previous to that hour, and at the time stated by the Senator from Ohio he desires that the Senate shall proceed with the memorial exercises?

Mr. FESS. That is correct. I should like to have the order made by unanimous consent.

Mr. McKELLAR. I have no objection.

The PRESIDING OFFICER (Mr. ROBINSON of Indiana in the chair). Without objection, it is so ordered.

FARM RELIEF

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 3555) to establish a Federal farm board to aid in the orderly marketing and in the control and disposition of the surplus of agricultural commodities in interstate and foreign commerce.

Mr. McKELLAR. Mr. President, one of the two amendments that went over from yesterday was the amendment offered by me to section 4 of the bill providing for the appointment of an advisory council. I wish for a moment to read that amendment and then to discuss it very briefly. The amendment is as follows:

SEC. 4. (a) Whenever the board determines that any agricultural commodity may thereafter require stabilization by the board through marketing agreements authorized by this act, or whenever the cooperative associations, or other organizations representative of the producers of the commodity, shall apply to the board for the creation and appointment of the advisory council for such commodity, then the board shall notify the President of such determination or application. The President shall thereupon create an advisory council for the commodity. The advisory council shall be composed of seven members to be appointed by the President, by and with the advice and consent of the Senate. No individual shall be eligible for appointment to a commodity advisory council unless he resides in the region in which the commodity is principally grown and is a producer of the commodity or interested in the production or marketing of such commodity. Prior to the making of any appointment to a commodity advisory council the board shall transmit to the President for his consideration lists of individuals qualified for appointment, to be submitted to the board by cooperative associations or other organizations representative of the producers of the commodity. The term of office of a member of any commodity advisory council shall be two years. In the event of a vacancy occurring the President shall fill such vacancy in the same manner as the originally appointed member, and should Congress not be in session, such appointee shall hold office until 20 days after the convening of the next session of Congress.

Mr. President, this suggested provision came about in this way: Under amendments that have already been adopted by the Senate it is provided that a majority of the advisory council shall have a veto power upon the board in the matter of putting a commodity in a marketing period or taking it out of a marketing period, or putting on the equalization fee, and other matters pertaining exclusively to the commodity. When that provision as to veto power was submitted to those interested in cooperatives here they suggested that there should be a provision for the President to appoint the advisory council. That met the approval of all of those of us who were engaged, as has heretofore been pointed out, in trying to perfect the bill.

I wish to say just a word or two as to why, in my judgment, the Senate should adopt such a provision. If we are to have an advisory council it ought to have some independence; it ought not to be created by the board that it is to advise. If the board can create the council and uncreate it at will, the council would not have the temerity to interfere with whatever the board should do. There would be every reason why an advisory council thus constituted should agree to the recommendations of the board, and, so, virtually the provision for a veto power on the part of the advisory council would be useless unless the council should be independently appointed.

When we came to the question of appointing the advisory council it was deemed that surely if the President could represent the farmers in appointing the board he ought to be permitted to represent the farmers in appointing the advisory council. If it is wrong to give the President the power to appoint an advisory council, from the farmers' standpoint it would be equally wrong, and even more wrong, perhaps, to give him the right to appoint the entire board. In my judgment, the amendment provides the only feasible and proper course of action. It provides the only way by which to give the advisory council an independent status, so that the board may have the benefit of its disinterested or interested advice, as the case may be. In other words, if the advisory council is to be dependent upon the board that creates it, we need not expect anything except that the advisory council will advise the board in the way that it thinks that the board wants to be advised.

Mr. BORAH rose.

Mr. McKELLAR. Did the Senator from Idaho wish to interrupt me?

Mr. BORAH. Yes.

Mr. McKELLAR. I yield to the Senator.

Mr. BORAH. Mr. President, it may be that the view of the Senator from Tennessee is the correct view as between the two propositions which have been presented; but I want to call the Senator's attention to the fact that we have not as yet reached the individual farmer.

Mr. McKELLAR. No; we have not.

Mr. BORAH. And the farmer is the one who will have to pay the equalization fee.

Mr. McKELLAR. What the Senator says is absolutely true; but by the amendment offered we bring it nearer to the farmer than under any other provision. The Senator recalls, as the Senate will recall, that last year we provided that a majority of the farmers in convention should put on the fee. The President, however, objected to that arrangement, so this provision was framed.

Mr. President, it is suggested that if the President shall appoint the council it will not represent the farmer. Let us look at the amendment. The amendment provides:

Prior to the making of any appointment to a commodity advisory council the board shall transmit to the President for his consideration lists of individuals qualified for appointment, to be submitted to the board by cooperative associations or other organizations representative of the producers of the commodity.

Mr. FESS. Mr. President, will the Senator yield?

Mr. McKELLAR. I will yield in a moment. It is true that the President does not have to appoint from such lists, but I say that the President would appoint from them; and if there were some objection in the case of any individual appointment, and he appointed some one whose name was not upon the list, then there would be a check on him, because the Senate would have to confirm the appointment. If, on the other hand——

Mr. SIMMONS. Mr. President——

Mr. McKELLAR. I will yield in a moment. On the other hand, if the board appoints from these lists, or if it fails to appoint, there is no check on the board at all. The same list that would go to the board would go to the President in the other case.

The farmers do not select those men; the different organizations send in names to the board, and there are various organizations in every State; in my State there are three different organizations that I can recall. In the one case, if the names are presented, as they will be presented to the board, and the board does not select the ones the farmers want, the farmer has got no recourse; but in the other case where the same lists are presented to the President and the President does not appoint whom the farmers want, they have got a right to appeal to this body before the member is confirmed. So it seems to me that for every reason the safe plan and the orderly plan is to have the appointments made by the President in the first instance, to be confirmed by the Senate.

I now yield to the Senator from Ohio, and then I will yield to the Senator from North Carolina.

Mr. FESS. The Senator has really answered the question I had in mind by what he has said since I rose. I was going

to say that any attempt to limit the power of the President in the appointments would likely be regarded as unconstitutional.

Mr. McKELLAR. Yes; I understand that.

Mr. FESS. The Senator does not attempt to do that in his amendment?

Mr. McKELLAR. Not at all.

Mr. FESS. This is merely a recommendation to the President, and he is not limited to it?

Mr. McKELLAR. He is not limited to it. The lists are presented to him from which to select the members whom he wants to serve on the board.

Mr. SIMMONS. Mr. President——

Mr. McKELLAR. I yield to the Senator from North Carolina.

Mr. SIMMONS. I wish to say merely a word, and I desire the attention of the Senator from Ohio for a moment. There is no restriction upon the right of the President as to the appointment of any particular person who may be recommended. The names are recommended to him for his consideration. He is not told that he must appoint any one of them, but he is told in the bill that he must appoint a producer of the commodity. Does the Senator contend that that latter provision is a restriction which is unauthorized by the Constitution?

Mr. FESS. No; I do not. That would be in keeping with the appointment of members of the Federal Reserve Board, the law providing that persons of certain qualifications shall be appointed.

Mr. SIMMONS. And it is in keeping with the acts which we have passed, in which it has been provided in the case of certain boards that the President must appoint two of one party and three of another.

Mr. FESS. When I read the amendment I thought, at first blush, the President was limited to those who were named by the associations.

Mr. McKELLAR. The Senator will recall that the bill last year provided for such a limitation and that the Attorney General gave that as one of the reasons why he thought the bill might be unconstitutional.

Mr. FESS. That is why I raised the question.

Mr. McKELLAR. That has been eliminated from this bill. It has been eliminated as to the appointment of the main board and also eliminated as to the appointment of the advisory council. I think the Senator will agree that this is the orderly way; it is the only way that this advisory council can be really made effective. All that it is, and all that it is intended to be, is a check upon the unlimited authority of the board to put on, say, the equalization fee, or a marketing period, or stop the equalization fee or stop a marketing period. That is the purpose of the amendment.

Mr. BORAH. Does the Senator think that it would be a practical proposition simply to provide in the bill that the advisory board should be selected from and elected by the producers of a particular commodity?

Mr. McKELLAR. If that could be done I should infinitely prefer it. If the Senator can suggest a plan by which that may be done, I am perfectly willing, speaking individually, to have such a plan as that adopted. I repeat, I would infinitely prefer it.

Mr. SMITH. May I ask the Senator from Idaho to repeat the suggestion he just made? I was occupied and did not hear it.

Mr. BORAH. I asked the Senator if he thought it was a practical proposition simply to provide in the bill that the advisory board should be selected and elected by the producers of the particular commodity.

Mr. SMITH. May I make this suggestion, if the Senator will allow me: I do not know how this would affect the wheat growers or the cattle growers, but there are only seven members of this advisory counsel to represent the vast area in cotton. Even the California and Arizona people, of course, would be interested, because the marketing of the ordinary bulk of the cotton affects theirs; so that we would have about 13 States out of which to select a council of 7.

I agree with the Senator from Idaho that if there is any feasible plan by which we could get the advisory council to represent the majority of the farmers engaged in the production of this article, then we certainly would be on safe ground; but just how to do that practically is one of the difficulties that I do not see how to get around.

Mr. McKELLAR. I hope the Senator from Idaho, if he has such a proposal in his mind, will put it in writing and offer it as an amendment. I am frank to say to the Senator that it seemed to me to be the proper way to arrange this matter; but in studying the question I have found no method by which the members of the advisory council can be elected. It would be better if the farmers elected or selected their own representatives. I am in hearty sympathy with that, and, if it can be arranged practically, I should be perfectly willing to accept it; but, next to that, I think the best check that we can place upon the matter of seeing that the farmers are truly represented is to have the President appoint the members, and if the farmers are not properly represented they will appeal to this body, and the nominees will not be confirmed.

Mr. CARAWAY. Mr. President, will the Senator permit me?

Mr. McKELLAR. Yes.

Mr. CARAWAY. If the Senator wants the farmers to have their own agents, what is wrong with the modification of the amendment?

Mr. McKELLAR. I shall be happy to get to that right at this minute.

Mr. CARAWAY. I just want an answer to that question.

Mr. McKELLAR. I will answer the Senator's question, but I can not answer it in a word.

The Senator says that the farmers will have control of the matter if his amendment is adopted. Now, what does his amendment provide? It provides simply that the board itself shall appoint these men from lists furnished by the farmers.

Let us assume that there are three great farmers' organizations in my State and each one of them sends in the names of 10 men for appointment on the cotton board. There are 30 names, to begin with, for this board to select seven members from. The Senator's amendment does not provide that they shall be selected from the cotton farmers at all. The board can appoint anybody they please.

Mr. CARAWAY. No, Mr. President.

Mr. McKELLAR. I will read the Senator's amendment.

Mr. CARAWAY. The board must appoint the ones that the farmers select.

Mr. McKELLAR. Who is going to select them? There is not going to be any convention of farmers. There is not going to be any convention of organizations. There is no arrangement for the farmers to select them. The secretary of one board may send in some names. The president of another board may send in some names. Another board may have a meeting and send in some names. That will not be a selection by the farmers. It will be a selection by certain officers and agents of these various concerns; and even then it will not be a selection, because the board here, out of this vast array of names, can select anyone they want.

Mr. CARAWAY. I wish the Senator would read the amendment, instead of putting his construction on it.

Mr. McKELLAR. I shall be delighted to read it. I have it right here before me.

Mr. CARAWAY. The amendment says that the board shall name the ones the farm organizations ask to have named.

Mr. McKELLAR. The Senator's amendment provides:

> The advisory council shall be composed of seven members, to be appointed by the board—

From what? From those that the farmers say? Not at all—

> from a list submitted to the board——

Mr. CARAWAY. If the Senator will read the amendment, instead of interjecting his remarks——

Mr. McKELLAR. Just a minute—

> to be appointed by the board from a list submitted to the board by cooperative associations or other organizations representative of the producers of the commodity.

That is exactly the same position that the President is in. The farmers do not select them. The board here selects them from the various lists that come in from all over the country. That is all there is in it.

Mr. CARAWAY. That is a little bit better than the Senator's proposal. He lets the President name them from any list that he sees fit.

Mr. McKELLAR. No; that is not better, for this reason: If the farmers are dissatisfied after the President names them, they can communicate with their representatives in the Senate of the United States and the Senate of the United States can reject any man to whom they object.

Mr. CARAWAY. Oh, just a minute. The amendment which the Senator never finished, because he wanted to make his speech between the reading of one line and the next, provides that the farmers may have removed any agent that they do not like.

Mr. McKELLAR. I shall take great pleasure in reading it all. Let us see what it says. I want all Senators listening to me now to see what is provided by the amendment of the Senator from Arkansas.

Mr. CARAWAY. I wish the Senator would just read it without making a speech upon it.

Mr. McKELLAR. The substitute of the Senator from Arkansas is as follows:

SEC. 4. (a) Whenever the board determines that any agricultural commodity may thereafter require stabilization by the board through marketing agreements authorized by this act, or whenever the cooperative associations, or other organizations representative of the producers of the commodity, shall so decide, the board shall create and appoint an advisory council for such commodity. The advisory council shall be composed of seven members to be appointed by the board from a list submitted to the board by cooperative associations or other organizations representative of the producers of the commodity. In the event of a vacancy occurring, the board shall fill such vacancy in the same manner as the original appointment. The power to remove a member of the advisory council rests with the board, but may be exercised only with the consent of the cooperative association or other organizations representative of the producers of the commodity for which he was appointed.

Mr. BORAH. Mr. President, may I ask the Senator from Arkansas and the Senator from Tennessee a question? Instead of leaving it to the President to appoint from a list recommended by the associations or organizations representing the producers, or instead of leaving it to the board to appoint from a list recommended by the associations or organizations representing the producers, would it be a practical proposition to provide that the associations or organizations representing the producers shall elect this board?

Mr. McKELLAR. That was substantially the provision in the old bill to which the President took exception on the ground that it was unconstitutional.

Mr. CARAWAY. If the Senator will pardon me, the question was asked of both of us.

Mr. McKELLAR. I am sorry I took precedence over the Senator. I yield to him.

Mr. CARAWAY. Oh, no; pardon me.

Mr. McKELLAR. That is all right.

Mr. CARAWAY. I just wanted to make this suggestion while the Senator was still on the floor: If they shall be selected under the amendment offered by myself, by just changing a few words they could be elected by the organizations, and I should have no objection to the change. Inasmuch as it is not the board but the advisory council, and the President has nothing to do with the appointment, we could make it absolutely the instrument of the farmer; and I should have no objection to that change.

Mr. McKELLAR. What organizations would you have come in—all farm organizations or just cooperative associations?

Mr. BORAH. All associations or organizations dealing with that commodity.

Mr. McKELLAR. Would marketing associations come in? I am just wondering what would be included.

Mr. BORAH. All organizations of producers of the commodity.

Mr. SIMMONS. Mr. President, may I interrupt the Senator?

Mr. McKELLAR. I am glad to yield.

Mr. SIMMONS. This very question arose when we were considering this question when the first bill was presented. It was taken up and seriously considered and deliberated upon by a very large committee representing the Southern States in connection with the cotton interests; and we found this situation had to be dealt with.

If the appointment had to be made of persons who were recommended by the cooperatives and the farm organizations, how were we to bring about harmony in the recommendations between, probably, 50 or 60 of these different organizations, or maybe a hundred of them, scattered about in the Southern States? A list presented by the cooperative and farm organizations of North Carolina might be wholly unsatisfactory to the cooperative and farm organizations of South Carolina, and those of South Carolina might be unsatisfactory to those of Texas. How were we going, therefore, to get a consensus of the wishes with reference to the appointment of these seven men from these organizations scattered through the 13 States producing cotton.

That difficulty we sought to solve in a very comprehensive way, as we thought, by authorizing a State convention of the farmers engaged in producing cotton in each of these States; but then we had 13 States holding 13 conventions, and probably making 13 different recommendations with reference to men, which might not harmonize. A man selected upon the recommendation from South Carolina might be exceedingly obnoxious to the cotton farmers of my State, and vice versa. We dealt with that question as effectively as it would seem to us to be possible to deal with it.

Mr. BORAH. I realize the difficulty involved.

Mr. SIMMONS. But this proposition does not deal with it with half the effectiveness that that proposition does. This proposition provides for probably two or three hundred different recommendations that may be entirely in conflict. Therefore, we sought to solve this question by saying that all of these associations might make recommendations to the President, but the President was not bound by the recommendations of any of them, although he must, in the last analysis, select a man who was a producer of cotton.

Mr. SMITH. Mr. President, may I make a suggestion?

Mr. McKELLAR. I will yield to the Senator in just a moment. I want to get what is going on in the mind of the Senator from Idaho. Is this what the Senator suggests?

The advisory council shall be composed of seven members to be elected by members of the various agricultural associations producing such commodity under such rules and regulations as the several associations in joint assembly agree upon.

How would you get their views unless you provide something like that?

Mr. BORAH. That is arriving at the point which I have in mind. Let me state, before I answer the question specifically, that I look at it in this way:

You are proposing in this bill, in case it meets the judgment of the board, to take over the marketing of these commodities.

Mr. McKELLAR. Yes.

Mr. BORAH. And you are proposing, in case it meets the judgment of the board, to levy a fee upon the individual producer. Now, in my opinion it is not only a matter of justice, but it is absolutely necessary as a practical proposition to secure the consent of the individual producer or to give him an opportunity to register his consent, if he wants to, if you expect this plan to work; because just so surely as you impose upon him a plan in which he has not a voice, and feels that he has not been given an opportunity to have a voice, there will be a blowup when you undertake to collect this fee without his consent.

That is what I have in mind.

Mr. McKELLAR. I think the point that the Senator has in mind is one that we all have in mind; and if the Senator will formulate language that will carry out that idea I shall be delighted to accept it, so far as I can do so.

Mr. SIMMONS. If it does it any better than this bill does.

Mr. BORAH. I think the language can be formulated in a few minutes.

Mr. SMITH. Mr. President, I should like to state to the Senator from Idaho that already the different cooperative associations have periodical meetings representing all the States. It seems to me it would be perfectly feasible for other organizations representing cotton to meet in their States, elect delegates to a general convention, and there, representing all of the associations dealing with cotton, they could elect seven men fairly representative of the whole cotton district, and in that respect representing the entire cotton industry.

Mr. CARAWAY. Mr. President, may I suggest that the Federal reserve system has means by which the member banks select their directors. It is rather cumbersome, but it suggests a method. It would appear to me that, instead of trying to have all the producers of a commodity meet in a convention, each association might, by correspondence or otherwise, authorize somebody to cast their vote, and it would be a representative meeting. That is merely the mechanics of the amendment, which could be quickly framed, if the principle were agreed upon.

Mr. BORAH. I think so.

Mr. EDGE. Mr. President, I would like to ask the Senator from Idaho a question, to see if I have this correct. The last portion of an amendment already adopted, on page 7 of the reprinted bill, reads as follows:

No equalization fee shall be collected unless the estimates upon which the determination of the amount of the equalization fee is based are concurred in by the advisory council for the commodity.

In other words, the advisory council, however formed, as I interpret that amendment, would have absolute control as to when an equalization fee should be collected, whether any should be collected at all, and what the amount should be. It seems to me that that would take from the board every real major responsibility, as far as the administration of the equalization fee was concerned. Is that a correct interpretation?

Mr. BORAH. It would limit the powers of the board, but the board would have tremendous power after that was taken away.

Mr. EDGE. Not over the equalization fee. They could not even go on with the equalization fee.

Mr. BORAH. No; but the man who pays the equalization fee ought to have a voice. I am much more interested in the man who pays it than in the man who administers it.

Mr. EDGE. But under that language, he not only would have a voice, but would have absolute control of the situation, would he not?

Mr. BORAH. No. The amendment provides:

No marketing period under section 7 in respect of any agricultural commodity shall be commenced or terminated unless the advisory council for such commodity concurs in the respective finding or findings which the board is required to make prior to the commencement or termination of the marketing period. No equalization fee shall be collected unless the estimates upon which the determination of the amount of the equalization fee is based are concurred in by the advisory council for the commodity.

That is, before you collect your fee, you must have concurrence of the advisory council, and the advisory council is supposed to represent the man who is paying the fee.

Mr. EDGE. Exactly, but you are not only not permitted to collect the fee, you are not permitted to impose it. In other words, you are not permitted to put into effect the plan of equalization.

Mr. BORAH. That is right.

Mr. McKELLAR. Mr. President, I think it is likely that we can arrange an amendment that will be satisfactory all around, and for the present I yield the floor until we determine that question.

Mr. McNARY. Inasmuch as there is an effort being made, and fair prospects of coming to a common agreement——

Mr. McKELLAR. Just fair prospects.

Mr. McNARY. I would suggest again that this amendment be temporarily laid aside, and that we take up some other amendment. I ask unanimous consent that that course be followed.

The PRESIDING OFFICER (Mr. FRAZIER in the chair). Is there objection? The Chair hears none, and it is so ordered.

Mr. McKELLAR. What other amendment is there?

Mr. McNARY. Has not the Senator a further amendment?

Mr. McKELLAR. Yes; there is one other amendment.

Mr. BLAINE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Wisconsin?

Mr. McNARY. I yield to the Senator from Wisconsin who desires to present an amendment.

Mr. BLAINE. I move to amend by striking out commencing after the word "corporation," on page 12, line 20, down to and including the word "products" on line 10, page 13.

The PRESIDING OFFICER. The clerk will report the amendment.

The LEGISLATIVE CLERK. On page 12, line 20, after the word "corporation," strike out down to and including the word "products" on line 10, page 13, in the following words:

If the board is of the opinion that there is no such cooperative association or corporation created and controlled by one or more such associations capable of carrying out any marketing agreement for purchase, withholding, and disposal, then the board may enter into the agreement with other agencies but shall not unreasonably discriminate between such other agencies.

(f) During a marketing period fixed by the board for any commodity, the board may enter into marketing agreements for the purchase, withholding, and disposal of the food products of such commodity, and all provisions of this section applicable to marketing agreements for the purchase, withholding, and disposal of a surplus of the commodity shall apply to the agreements in respect of its food products.

Mr. BLAINE. Mr. President, I would not want to press for a vote on that amendment at this time. I prefer that it go over for consideration a little later on, under the unanimous consent agreement requested by the Senator from Oregon.

Mr. McNARY. Mr. President, may I inquire of the Senator from Wisconsin if he is willing to debate this proposal now? I think there is no other amendment to be brought forward at this time.

Mr. FESS. Has the amendment relating to the allocation of the fund been acted upon?

Mr. McNARY. No, that has not been acted upon.

Mr. BLAINE. Mr. President, I will be very glad to state my reason for submitting the amendment, but I hesitate in having it acted upon until the Senator from Iowa [Mr. BROOKHART] is present.

Mr. SMOOT. I suggest the absence of a quorum at this time.

The PRESIDING OFFICER (Mr. ODDIE in the chair). The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Edwards	La Follette	Sheppard
Barkley	Fess	McKellar	Shipstead
Bayard	Fletcher	McLean	Shortridge
Bingham	Frazier	McMaster	Simmons
Black	Gerry	McNary	Smith
Blaine	Glass	Mayfield	Smoot
Borah	Goff	Metcalf	Steck
Bratton	Gooding	Moses	Steiwer
Brookhart	Gould	Norbeck	Stephens
Broussard	Greene	Norris	Swanson
Bruce	Hale	Nye	Thomas
Capper	Harris	Oddie	Tydings
Caraway	Harrison	Overman	Tyson
Copeland	Hawes	Phipps	Vandenberg
Couzens	Hayden	Pine	Wagner
Curtis	Heflin	Pittman	Walsh, Mass.
Cutting	Johnson	Ransdell	Warren
Dale	Jones	Reed, Pa.	Waterman
Deneen	Kendrick	Robinson, Ind.	Watson
Dill	Keyes	Sackett	Wheeler
Edge	King	Schall	

The VICE PRESIDENT. Eighty-three Senators having answered to their names, there is a quorum present.

Mr. SHIPSTEAD. Mr. President, I send to the desk two amendments.

The VICE PRESIDENT. There is an amendment pending. The question is on agreeing to the amendment offered by the Senator from Wisconsin.

Mr. HARRISON. Let us have the amendment reported.

The VICE PRESIDENT. The clerk will read the amendment.

The legislative clerk read the amendment.

Mr. BLAINE. Mr. President, by referring to the reprinted bill containing the amendments agreed to yesterday, it will be seen that on page 13, line 7, it is proposed by my amendment to strike out these words in subparagraph (e):

If the board is of the opinion that there is no such cooperative association or corporation created or controlled by one or more such associations capable of carrying out any marketing agreement for purchase, withholding, and disposal, then the board may enter into the agreement with other agencies but shall not unreasonably discriminate between such other agencies.

The next paragraph, which I also move to strike out, may be read in connection with what I have just read from the bill, as follows:

During a marketing period fixed by the board for any commodity, the board may enter into marketing agreements for the purchase, withholding, and disposal of the food products of such commodity, and all provisions of this section applicable to marketing agreements for the purchase, withholding, and disposal of a surplus of the commodity, shall apply to the agreements in respect of its food products.

I desire to direct attention to what may and will happen under those provisions unless stricken out. I am going to outline how the provision will operate. Following the World War the expeditionary forces abroad had large surpluses of certain commodities. There were also existing contracts during the war, and manufacturers had accumulated a surplus of the products under those contracts. There was a settlement made with respect to all those matters. In some instances the Government purchased commodities at the war price, resold them abroad at the world price or less than the world price, and, in some instances, to the very parties from whom the Government purchased the commodities originally.

That statement is made only by way of illustration of what can and no doubt may be done under this provision. Here, we will say, is a milling company that has flour or wheat, or a packing company that has meat products. The Government, through the board, may enter into agreements with such agencies and purchase those surpluses upon the theory that they will, in effect, take the surpluses, to whatever extent the accumulations may be of such commodities, off to the domestic market. Then the packing companies or the milling companies, or whatever corporations may be engaged along those lines, may have a subsidiary some place outside of America, and the board may then turn around and sell those commodities, purchased at the advanced rate, to such subsidiaries for such sum as they may choose, but we will presume at the rate afforded by the foreign market.

This process can be repeated, with the result that the losses reflected in those transactions will be made up by imposing the equalization fee upon all farmers who are producers of the respective commodities. Therefore, it is possible, under these provisions, for the board to enter into such agreements with other parties or other agencies at the enhanced price in the purchase of the products which they are holding, and then sell them in the foreign markets to subsidiaries of the people

from whom the products were purchased, and the farmer will be required to pay that loss through the equalization fee.

I submit that these provisions of the bill ought to be stricken out.

Mr. McNARY. Mr. President, I think a more careful reading of the amendment offered by the Senator from Wisconsin perhaps would not have brought forth the discussion which he has just presented. The bill proceeds upon the theory that the board shall act through cooperative organizations or farm groups. If the task is found too large and the agencies are not able, as admitted trading factors, to carry on the transactions, or if they are not in existence, the board has a right to employ such existing agencies, whether they be millers, packers, independent packers, or what not, to take charge of the produce, withhold surplus or, like a miller would, convert wheat into flour and sell it, the charges and costs being paid by the board out of the equalization fee. They are simply agencies for the purpose of sales when other cooperative agencies are not in existence.

If this administrative feature were taken out of the bill, speaking with the greatest kindness to the Senator, if the board were attempting to withhold a surplus or purchase a surplus and sell it abroad and the cooperatives were not strong enough to undertake the work and did not have time to organize and give its strength to the new organization, it would be entirely unable to function. That language was put in the bill after the most careful study by those farmers who have given the matter most serious consideration for years, so they might have strong instrumentalities to do the job when they could not do it themselves.

There is no possibility of any advantage being taken of the farmer. The estimated costs and charges are made known before the operation takes place. It simply gives them the advantage of existing agencies when they have not any of their own. It would cripple the administration of the bill and take away from the ability of the farmers and the producers of the country to get the best that is in the bill by this sort of amendment being agreed to, and it is so manifest, in my judgment, and so clear of comprehension that I express the hope that the Senator will not insist on his amendment, and if he does, that the amendment will not be agreed to.

Mr. BLAINE. Mr. President, I appreciate all that the Senator from Oregon has said. I have studied the amendment carefully, analyzed it, and I think what he has said with respect to the agents is in part correct. He did not go quite far enough. Of course, there may be cooperatives or lack of cooperative organizations to take care of the commodities, but the whole theory of the bill is to bring about cooperation. As the Senator from Arkansas [Mr. CARAWAY] said the other day, it is argued that those who favor the bill urge cooperation, and those who are opposed to the bill urge cooperation among the farmers. If the bill is going to accomplish cooperative undertakings through the compulsory process of the equalization fee, or through any other source, the board ought not to have the power to enter into agreements with packing companies, milling companies, flour manufacturers, agencies to purchase cotton, agencies that purchase processed milk, or cheese, or butter, because if they are to have that privilege, then we have destroyed the very thing designed by the bill.

Moreover, the Senator from Oregon has not answered my proposition that with the power in the board to adopt private agencies, agencies outside of the farm organizations, as a means of disposing of the surplus products, those same agencies will have subsidiaries in the world market and they will purchase the same products from the board which were previously purchased by the board from those who in this country control the subsidiaries, with only one result, and that is that the farmer will have to go down into his pocket to pay the loss upon that transaction, a transaction beneficial to those who are to-day exploiting the farmer and his produce.

Mr. McMASTER. Mr. President, will the Senator yield?

Mr. BLAINE. I yield.

Mr. McMASTER. Assuming, for the sake of argument, the correctness of the statement made by the Senator from Wisconsin, what would the Senator suggest in lieu of that portion of the bill which he is proposing to strike out? What remedy has he in case the farmers, through their cooperative associations, are not able to handle the produce? Has the Senator provided a remedy for that situation?

Mr. BLAINE. Let the board be the agency to make the purchase and sale as provided in the bill, through the farmers' agencies.

Mr. McMASTER. Does the Senator's amendment include that provision?

Mr. BLAINE. Of course, I am trying to have stricken out of the bill that which I believe is pernicious, and I am going to be perfectly frank about it. If provisions of this character are left in the bill, I can not support it and will not support it. I know there are other Senators who feel likewise.

Mr. McMASTER. That has not anything to do with the question I am asking. After the Senator has stricken this language from the bill, does he leave the bill in such a shape that the surplus commodities can be taken care of?

Mr. BLAINE. If it is not in such shape as that, I would be very glad to draft an amendment which would put it in proper shape, and I am sure the committee would be very glad to do it.

Mr. McMASTER. That is not necessary. The main object of the bill is to create a marketing agency for the surplus; and, of course, if the Senator has perfected his amendment, and it will accomplish that purpose, and accomplish it fully, then there will be no question about its acceptance.

Mr. BLAINE. But the proponents of this bill suggest that the bill itself accomplishes the purpose.

Mr. McMASTER. They suggested that it accomplishes the purpose through the language that is written into the bill. If the Senator can perfect that by adopting some other method, that, of course, will accomplish the purpose.

Mr. BLAINE. No; the proponents of this bill, as I have listened to this debate for days and days, say that this bill is going to promote cooperation, and through cooperation the farmer will enter the world markets and handle his surplus products; that he can not do it as an individual; that he must do it in combination, and this combination is a cooperative association. Now, if that is not the theory of the bill——

Mr. McMASTER. It does not make any difference——

Mr. BLAINE. Wait just a moment. If the theory of this bill is to deny that there can be and will be sufficient cooperation to do the things designed by the bill and that it becomes necessary to permit private agencies again to take care of the farmer, you are doing worse than nothing.

Mr. McMASTER. It is not a question of theory—the theory of the Senator from Wisconsin or the theory of anyone else. The question is, Have you adopted in this bill practical methods of taking care of the surplus production of the farmer? It does not make any difference about theories. If the amendment which the Senator proposes to the bill accomplishes that, let us understand it in that way.

Mr. BLAINE. Mr. President——

Mr. BROOKHART. Mr. President, will the Senator yield?

Mr. BLAINE. Just a moment. The Senator is placing a responsibility upon me. I am not responsible for this bill. I had nothing to do——

Mr. McMASTER. I do not care anything about who is responsible for the bill.

Mr. BLAINE. Wait until I get through, please.

Mr. McMASTER. That does not make a particle of difference. I simply want to know whether the Senator is perfecting this bill or not.

Mr. BLAINE. Mr. President, I ask for order. I can not discuss this matter when I have to yell in order to overcome those who interrupt me without my having yielded.

Mr. McMASTER. The Senator yielded to me or I would not have asked him the question.

Mr. BROOKHART. Mr. President, will the Senator yield to me?

Mr. BLAINE. Mr. President, if it becomes necessary to turn the debate into a competition of strength of voice, I shall have to compete with the Senator; but I am not willing to do that.

Mr. McMASTER. The Senator from Wisconsin will win without competition.

Mr. BROOKHART. Mr. President——

The PRESIDING OFFICER (Mr. WATERMAN in the chair). Does the Senator from Wisconsin yield to the Senator from Iowa?

Mr. BLAINE. Just a moment.

The Senator from South Dakota has asked, Does my amendment perfect this bill? It certainly does. It takes out the very provision that makes this bill futile as a farm-relief measure; and so it is not a question of my drawing an amendment. There is no amendment necessary if the theory of this bill is correct. If this iniquitous provision is taken out of the bill, and if the bill does not contain provisions that will take care of these surplus products without a substitution of words in place of this amendment, then the bill is not worth consideration as a farm-relief measure.

Mr. BROOKHART. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Iowa?

Mr. BLAINE. I do.

Mr. BROOKHART. In answer to the question of the Senator from South Dakota, in which I think myself there is a good deal of merit, in the substitute I have offered I have

taken care of that proposition affirmatively; and I shall be glad if the Senator from Wisconsin will yield to permit me to explain how it is done.

Mr. McMASTER. Mr. President, that is what I have been desiring to hear—an explanation. I did not want to have abuse when I was asking for information.

Mr. BLAINE. Mr. President, I have not yielded to the Senator from South Dakota; and when he talks about being abused I want to refute that, if he accuses the Senator from Wisconsin of abusing him. I was engaged in no abuse of anyone.

Mr. McMASTER. Yes; well——

Mr. BLAINE. Mr. President, I have not yielded to the Senator from South Dakota——

Mr. McMASTER. I thought the Senator yielded to me.

Mr. BLAINE. And I propose to keep the floor until there is a request for me to yield.

Mr. McMASTER. I thought——

Mr. BLAINE. I have yielded to the Senator from Iowa to make a statement.

Mr. BROOKHART. The question of dealing with the processors, the packers, and the millers can only be reached in case you include in this bill an affirmative plan of determining the price of products; and, of course, I have made that the basic idea of the substitute I have offered. I have instructed the Department of Agriculture, under well-defined rules, most of which are in operation now in the department, to determine the average cost of production for a five-year period, including in that the 5 per cent return on the capital invested; and that is to determine the price. Then, when it comes to dealing with packers—and I concede that that may be necessary temporarily, before we can get these cooperatives organized to handle this thing—I have provided in my substitute that they shall pay this basic price to the farmers themselves. This price is bid by the Government corporation which I have established, not to the board of trade or the cotton exchange or millers or packers, but to the farmer.

Mr. McMASTER. Mr. President, may I ask a question?

Mr. BROOKHART. If these institutions have paid the same price to the farmer, and then have added to it only enough to give them the 5 per cent capital return on their investment that the farmers would get, then——

Mr. McMASTER. As I understand the Senator from Iowa, he is explaining his amendment, not the amendment of the Senator from Wisconsin?

Mr. BROOKHART. If this amendment and the other were adopted, it would take the place of what the Senator from Wisconsin wants to strike out. The Senator from Wisconsin, of course, has the right to strike out just what he regards as an evil situation in the bill. I think he is right there.

Mr. FESS. Mr. President, will the Senator from Wisconsin yield to me?

Mr. BLAINE. I yield.

Mr. FESS. The Senator from Wisconsin having yielded, will the Senator from Iowa yield for a question?

Mr. BROOKHART. Yes.

Mr. FESS. I have sympathy with the statement of the Senator that he has not any particular objections to allowing the packers or millers to do this work until the cooperatives get upon their feet. I have sympathy with that statement; but there is this element in it: The cooperatives are identical in their interests with the farmers, in that they would be farmers' organizations, while the others provided in the bill could afford to let the losses be whatever they might be; they do not suffer them. It seems to me that there is a distinctive difference there.

Mr. BROOKHART. There is a very distinctive difference in the power given the board. There is no doubt about that. This board would have the power, for instance, to supply this stuff to the packers at a high price, and then sell it to the same packers on the other side at a low price, and then collect the difference in the loss on the surplus out of the equalization fee. That power is evidently conferred by this section—a very dangerous power.

Mr. FESS. What I had in mind was that if the agency that does it is a farmers' agency, their interest is uniform, while in the other case it is quite different.

Mr. BROOKHART. That is very true; but, of course, there would be some power. The board, by its form of contract or by the use of its discretion, could prevent much of that evil; but, on the other hand, if the board was influenced or did not understand the inside of this enough, it might be imposed on to a very great extent.

Mr. BLAINE. Mr. President, it is to be appreciated that there is an entire difference between the substitute amendment presented by the Senator from Iowa [Mr. BROOKHART] and this bill. Under the substitute presented by the Senator from Iowa there is no equalization fee whatever. He sets up an entirely different plan. If his plan were in operation, and there were losses on these contracts or agreements made by packers and millers, the board could not go down into the pockets of the farmer to pay those losses.

Mr. McNARY. Where would it go?

Mr. BLAINE. It would go into the fund provided therefor. I am sorry that provision even is in the Senator's bill; but, since he has fixed a basis whereby the farmer must be paid a price by private agencies to cover cost of production and a reasonable profit, the farmer will not lose; but under this bill, if there is a loss, the board will go down into the pockets of the farmer to pay that loss to the packers and the millers; and I do not think there is any necessity for any amendment to be inserted in lieu of the provisions which I propose to be stricken out.

I think the amendment that I have proposed perfects the bill to that extent, and that there ought not to be any provision in this bill for these marketing agreements between any other agencies than cooperative agencies and voluntary farm organizations. If this board is permitted to make agreements with millers and packers and other great organizations and combinations, they will have a firmer grip on the producer. They now have too firm a grip on the farmer through their combinations. They have their lobbies. They have their highly paid attorneys. They will procure suites at the hotels at Washington and, with lavishly furnished headquarters, maintain here a battery of lawyers and experts to deal and dicker with this board on these commodities, while the farmer is back upon his farm following the plow, tending his stock, sowing in the springtime, cultivating through the seasons, and harvesting in the autumn. He has no lawyers, no experts, no accountants to send to Washington. He has no battery of lawyers. He can not maintain these palatial headquarters in this city to look after his interests. If we are to draw from the experience of the past, it must be recognized that when you set up this scheme it will be an uneven and an unfair contest between the men upon the farms and the packers and the millers and those who control the marketing of the farmers' produce.

Why, Mr. President, this proposal is merely to write into the law a declaration of policy that these things will continue and that they are right. Yes; your combinations will still exist. The control will still exist far worse than under the present conditions. This board may sell those commodities to the subsidiaries of these organizations dealing in the foreign trade and the foreign market. Under this bill the farmer will be compelled to go down into his pocket and pay an equalization fee sufficient to make up the loss. You can not perfect this bill by any substitution of this language. If you are going to permit marketing agreements of agencies other than cooperative and voluntary farm agencies, in fairness to the worker upon the farm it can only rightfully be done as provided in the substitute of the Senator from Iowa [Mr. BROOKHART].

I hope that this amendment will be agreed to.

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from Wisconsin [Mr. BLAINE].

Mr. BLAINE. On that I call for the yeas and nays.

The yeas and nays were ordered.

Mr. BLACK. Mr. President, may the amendment be stated?

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 12 of the original bill, line 20, it is proposed to strike out all after the word "corporation" down to and including the word "food products," in line 10 of page 13.

The PRESIDING OFFICER. The Secretary will call the roll.

Mr. BLAINE. Mr. President, there are so very few Senators in the Chamber I wonder if we might not have the amendment restated.

The VICE PRESIDENT. The clerk will restate the amendment.

The LEGISLATIVE CLERK. On page 12 of the original bill it is proposed to strike out after the word "corporation," in line 20, all down to and including the words "food products," in line 10, on page 13.

Mr. SWANSON. Mr. President, I suggest that there be read what it is proposed to strike out.

The VICE PRESIDENT. The clerk will read, as suggested by the Senator from Virginia.

The LEGISLATIVE CLERK. The Senator from Wisconsin [Mr. BLAINE] proposes to strike out the following language:

If the board is of the opinion that there is no such cooperative association or corporation created and controlled by one or more such associations capable of carrying out any marketing agreement

for purchase, withholding, and disposal, then the board may enter into the agreement with other agencies but shall not unreasonably discriminate between such other agencies.

(f) During a marketing period fixed by the board for any commodity, the board may enter into marketing agreements for the purchase, withholding, and disposal of the food products of such commodity, and all provisions of this section applicable to marketing agreements for the purchase, withholding, and disposal of a surplus of the commodity shall apply to the agreements in respect of its food products.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. FESS (when his name was called). I have a pair with the senior Senator from Arkansas [Mr. ROBINSON], but I find that I can transfer the pair to the Senator from Vermont [Mr. GREENE] and vote. I vote "yea."

Mr. KING (when his name was called). I have a general pair with the junior Senator from Nebraska [Mr. HOWELL], but I find that I may transfer, and I do transfer, my pair with that Senator to the senior Senator from Missouri [Mr. REED] and vote. I vote "yea."

Mr. PHIPPS (when his name was called). I have a pair with the junior Senator from Georgia [Mr. GEORGE], but I am informed that if he were present, he would vote as I intend to vote. I am, therefore, at liberty to vote, and vote "nay."

The roll call was concluded.

Mr. MCKELLAR. I wish to announce that the senior Senator from West Virginia [Mr. NEELY] is unavoidably absent. If he were present, he would vote "nay" on the pending motion.

Mr. CARAWAY. I wish to announce the unavoidable absence of my colleague, the senior Senator from Arkansas [Mr. ROBINSON] on account of illness. If present, he would vote "nay."

Mr. JONES. I desire to announce the general pair of the Senator from Massachusetts [Mr. GILLETT] with the Senator from Florida [Mr. TRAMMELL].

I also desire to announce that the Senator from Delaware [Mr. DU PONT] is paired with the Senator from South Carolina [Mr. BLEASE], and that the Senator from Montana [Mr. WALSH] is paired with the Senator from West Virginia [Mr. NEELY].

The result was announced—yeas 20, nays 57, as follows:

YEAS—20

Bingham	Edge	Harris	Metcalf
Black	Fess	Heflin	Reed, Pa.
Blaine	Gerry	Keyes	Swanson
Borah	Glass	King	Tydings
Brookhart	Hale	McLean	Warren

NAYS—57

Ashurst	Fletcher	Moses	Simmons
Barkley	Frazier	Norbeck	Smith
Bayard	Goff	Norris	Steck
Bratton	Gooding	Nye	Steiwer
Broussard	Harrison	Oddie	Stephens
Capper	Hawes	Overman	Thomas
Caraway	Hayden	Phipps	Tyson
Copeland	Johnson	Pine	Vandenberg
Couzens	Jones	Pittman	Wagner
Curtis	Kendrick	Ransdell	Waterman
Cutting	La Follette	Robinson, Ind.	Watson
Dale	McKellar	Sackett	Wheeler
Deneen	McMaster	Schall	
Dill	McNary	Sheppard	
Edwards	Mayfield	Shipstead	

NOT VOTING—16

Blease	Gillett	Neely	Smoot
Bruce	Gould	Reed, Mo.	Trammell
du Pont	Greene	Robinson, Ark.	Walsh, Mass.
George	Howell	Shortridge	

So Mr. BLAINE'S amendment was rejected.

Mr. SACKETT. Mr. President, I send an amendment to the desk and ask that it may be stated.

The VICE PRESIDENT. The amendment proposed by the Senator from Kentucky will be read.

The CHIEF CLERK. It is proposed to strike out section 8, as amended, as follows:

EQUALIZATION FEE

SEC. 8. (a) In order to carry out marketing and nonpremium insurance agreements in respect of any agricultural commodity without loss to the revolving fund, each marketed unit of such agricultural commodity shall, throughout any marketing period in respect of such commodity, contribute ratably its equitable share of the losses, costs, and charges arising out of such agreements. Such contributions shall be made by means of an equalization fee apportioned and paid as a regulation of interstate and foreign commerce in the commodity. It shall be the duty of the board to apportion and collect such fee in respect of such commodity as hereinafter provided.

(b) Prior to the commencement of any marketing period in respect of any agricultural commodity, and thereafter from time to time during such marketing period, the board shall estimate the probable losses, costs, and charges to be paid under marketing agreements in respect of such commodity or under nonpremium insurance agreements in respect of such commodity as hereinafter provided. Upon the basis of such estimates there shall be from time to time determined, and if such estimates are concurred in by a majority of the advisory council for such commodity, the board shall publish the amount of the equalization fee (if any is required under such estimates) for each unit of weight, measure, or value designated by the board, to be collected upon such unit of such agricultural commodity during any part of the marketing period for the commodity. Such amount is referred to in this act as the "equalization fee." At the time of determining and publishing any equalization fee the board shall specify the time during which the particular fee shall remain in effect and the place and manner of its payment and collection.

(c) Under such regulations as the board may prescribe, any equalization fee so published by the board shall be paid, in respect of each marketed unit of such commodity, upon one of the following: The transportation, processing, or sale of such unit. The equalization fee shall not be collected more than once in respect of any unit. The board shall determine, in the case of each class of transactions in the commodity, whether the equalization fee shall be paid upon transportation, processing, or sale. The board shall make such determination upon the basis of the most effective and economical means of collecting the fee with respect to each unit of the commodity marketed during the marketing period.

(d) The board may by regulation require any person engaged in the transportation, processing, or acquisition by purchase of any agricultural commodity—

(1) To file returns under oath and to report, in respect of his transportation, processing, or acquisition of such commodity, the amount of equalization fees payable thereon, and such other facts as may be necessary for their payment or collection.

(2) To collect the equalization fee as directed by the board and to account therefor.

(e) The board, under regulations prescribed by it, is authorized to pay to any such person required to collect such fees a reasonable charge for his services.

(f) Every person who, in violation of the regulations prescribed by the board, fails to collect or account for any equalization fee shall be liable for its amount and to a penalty equal to one-half its amount. Such amount and penalty may be recovered together in a civil suit brought by the board in the name of the United States.

(g) As used in this section—

(1) In the case of grain the term "processing" means milling of grain for market or the first processing in any manner for market (other than cleaning or drying) of grain not so milled, and the term "sale" means a sale or other disposition in the United States of grain for milling or other processing for market, for resale, or for delivery by a common carrier—occurring during a marketing period in respect of grain.

(2) In the case of cotton the term "processing" means spinning, milling, or any manufacturing of cotton other than ginning; the term "sale" means a sale or other disposition in the United States of cotton for spinning, milling, or any manufacturing other than ginning, or for delivery outside the United States; and the term "transportation" means the acceptance of cotton by a common carrier for delivery to any person for spinning, milling, or any manufacturing of cotton other than ginning, or for delivery outside the United States—occurring during a marketing period in respect of cotton.

(3) In the case of livestock the term "processing" means slaughter for market by a purchaser of livestock, and the term "sale" means a sale or other disposition in the United States of livestock destined for slaughter for market without intervening holding for feeding (other than feeding in transit) or fattening—occurring during a marketing period in respect of livestock.

(4) In the case of tobacco, the term "sale" means a sale or other disposition to any dealer in leaf tobacco or to any registered manufacurer of the products of tobacco. The term "tobacco" means leaf tobacco, stemmed or unstemmed.

(5) In the case of grain, livestock, and tobacco, the term "transportation" means the acceptance of a commodity by a common carrier for delivery.

(6) In the case of any agricultural commodity other than grain, cotton, livestock, or tobacco, the board shall, in connection with its specification of the place and manner of payment and collection of the equalization fee, further specify the particular type of processing, sale, or transportation in respect of which the equalization fee is to be paid and collected.

(7) The term "sale" does not include a transfer to a cooperative association for the purpose of sale or other disposition by such association on account of the transferor; nor a transfer of title in pursuance of a contract entered into before, and at a specified price determined before, the commencement of a marketing period in respect of the agricultural commodity. In case of the transfer of title in pursuance of a contract entered into after the commencement of a marketing period in respect of the agricultural commodity, but entered into at a time when, and at a specified price determined at a time during which a particular equalization fee is in effect, then the equalization fee ap-

plicable in respect of such transfer of title shall be the equalization fee in effect at the time when such specified price was determined.

Mr. SACKETT. Mr. President, this amendment seeks to strike out the paragraph containing the equalization fee. I am very anxious to vote for the bill, but I can not bring myself at present to vote for the equalization fee, imposing what, I think, would be a tax upon the producer outside the powers of Congress.

I take that position, first, because during the debate on the bill yesterday we increased the amount of the revolving fund from $250,000,000 to $400,000,000. In the second place, the purpose of the equalization fee, as shown in the beginning of section 8, is to carry out the marketing and insurance agreements in respect to agricultural commodities without loss to the revolving fund.

If that is the purpose of putting in the equalization fee, after all the other methods of arriving at this protection of the farmer have been carried through and found unavailable, then I would prefer to draw upon the amount of the revolving fund of $400,000,000, and let the Government pay it, than to put this charge upon the producer, which I believe the Congress has no right to put there.

Mr. McMASTER. Mr. President, will the Senator yield?

Mr. SACKETT. The Senator will yield, but the Senator will yield the floor, simply asking for a vote upon his amendment.

Mr. McMASTER. Will the Senator yield for a question?

Mr. SACKETT. I will.

Mr. McMASTER. In view of the fact that the Senator's amendment strikes out the equalization fee, is not his amendment right in line with the amendment of the Senator from Iowa [Mr. BROOKHART]?

Mr. SACKETT. I think probably it is, but I told the Senator from Iowa that I would offer the amendment, and he agreed to it.

Mr. McMASTER. The two amendments are practically the same?

Mr. SACKETT. Practically the same. What I want to have is a vote upon this amendment. I appreciate that if the amendment should carry, it will necessitate certain minor amendments to make the bill conform, in the matter of paragraphs, and so forth, but it simply raises the question of whether we are to put an equalization fee, as a matter of last resort, upon the producers of any of these commodities, or whether we are going to allow the revolving fund, which we have now put at $400,000,000, take care of these losses. I ask for a record vote.

Mr. DILL. I want to ask the Senator from Kentucky a question, because I have not been able to hear all he said. I wish to know whether my understanding is correct or not, namely, that this amendment strikes out the equalization fee?

Mr. SACKETT. Yes.

Mr. DILL. That is the purpose of the amendment?

Mr. SACKETT. That is the purpose of the amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Kentucky.

Mr. SACKETT. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. BLAINE. Mr. President, the Senate has chosen to retain in the bill the provision that permits the board to deal and dicker with the packers, the millers, the cotton brokers, and all other dealers in farm products, in effect permitting them to suffer no loss. In case they organize their subsidiaries outside the United States to buy these surplus commodities at the world price, on the world market, exactly the same private interests, the same private parties are involved, and they are given this opportunity to engage in business with the board, to purchase the commodities of the farm. The same interests will be permitted, through their subsidiaries, to buy cheap products outside of America, and tax the farmer an equalization fee to make up the difference. Under such circumstances, I submit that the equalization fee ought to go out of this bill. Had the amendment which I proposed been adopted, there would have been an harmonious arrangement for cooperative marketing among the farmers and by the farmers. With that amendment defeated, you have the lamb and the lion lying down together, and it is the millers and the packers and the cotton brokers and other dealers in farm commodities that will be the lion, and the farmer must accept the loss; he will be devoured speaking in terms of his economic status.

Mr. BRUCE. Mr. President, will the Senator yield?

Mr. BLAINE. I yield.

Mr. BRUCE. I want to ask the Senator from Wisconsin a question, because I have been seeking light on the subject for some time. How does this equalization fee tax the farmer, or constitute any burden on the farmer? He does not get the equalization fee; he does not expect to get it. When a price is fixed under the provisions of this bill, it is simply put up to a sufficient point to cover a proper price for the farmer and to cover the equalization fee besides. So how is it any burden on the farmer? How is it any tax on the farmer?

Mr. BLAINE. I must leave the answer to that question to those who propose to sell the farmers' commodities to the millers and the packers and the cotton brokers as to who is going to pay the equalization fee.

Mr. BRUCE. Do not leave it to anybody, because you will never find anybody who can answer it.

Mr. BLAINE. With the equalization fee and the plan of cooperation devised, this bill might have been of great benefit to the agricultural workers of this country; but when there has been engrafted into the measure these other private agencies, whose profits are in effect guaranteed by the equalization fee, no matter who pays it, whether it is the farmer or the consumer, it will be of no benefit to the farmer. The theory is that the farmer pays the equalization fee, because it has been stated that those who do not belong to the cooperative organization should not receive the benefits of that which flows from cooperation, and therefore they should be taxed in order that all farmers alike may share in this cooperative marketing of their commodities. That is the theory, and that has been the burden of the debate on this floor in the last several days. I have endeavored to follow that debate, and as I followed it I was led to an investigation of the provision that was retained in this bill but a few moments ago on a record vote. With that provision in the bill the equalization fee ought to go out, for I am opposed to any scheme or system that will protect the profits of the packers, the millers, the cotton brokers, and those who are to-day in control of the markets of farm commodities at the expense of the farmer through an equalization fee. That is why I shall vote for the elimination of the equalization fee.

Mr. GOODING. Mr. President, this is not a packer's bill, or a cotton exchange bill, or a miller's bill. This is the fruit of the hard work of the representatives of agriculture, after more than five years' labor, during which hearings have been held for months at a time. It is not any fly-by-night matter that has been arrived at hastily, or anything of the kind. No bill in Congress in many years that I know of has had the serious consideration that this measure has had. Representatives of agriculture from every part of the country have come to Washington and given evidence and suggestions in regard to this measure. Every farm organization in America has indorsed it. It is true, the National Grange would prefer a debenture plan, but they are not opposed to this, and I am sure they want it passed, unless they can have their debenture plan.

So, Mr. President, it is a late hour to kick over what it seems to me is an honest effort on the part of agriculture, and not packers, or millers, or anybody else.

Mr. BLAINE. Mr. President——

Mr. GOODING. I am not going to be interrupted in the course of my remarks.

Mr. BLAINE. Will the Senator answer a question when he is through?

Mr. GOODING. Yes; I will answer a question now, if it is just a question.

Mr. BLAINE. That is all I want to ask.

Mr. GOODING. I want to take up the story of the wheat growers, because that is about the story of agriculture.

Mr. BLAINE. Were the farmers who belonged to these farm organizations advised about the board having the right to enter into agreements with the packers and the millers and the cotton brokers?

Mr. GOODING. There is no doubt about it. I would not say all the farmers, but the organizations. This is not a new bill. This bill was submitted to the Senate on two different occasions, and to the whole country, and the same provisions were in it with regard to using the instrumentalities that we now have for marketing farm products, which should not be destroyed until something better, if possible, was put in their place. Nobody should want to do that. I expect that the President, if he signs this bill, will appoint a board of commissioners who are intelligent men, who will be able to do business even with packers and not be robbed. I am inclined to think it would be a good thing for the producers if they had some way to get up a little closer to the packers and to the millers. That will not hurt. If we can pick the best brains in agriculture and put them up against the big organizations of the country, they will work out the problems in a way that will be beneficial, and the farmers will not be robbed.

Mr. FESS. Mr. President, will the Senator yield?

Mr. GOODING. Yes; I yield.

Mr. FESS. I would not object to making a contract with the packers to handle it if it were not for this fact: That the packers would have no risk whatever to run, because the losses would be made up; but if the packers were a cooperative association of farmers, so that the product would be handled by the people who raised it, there would be a reason for lessening the losses. In this case there is no reason whatever.

Mr. GOODING. The packers are the only instrumentality through which we can market the pork products at the present time in foreign countries, and pretty much in our own country, and they must be utilized, they must be used, and the Senator well knows it. His vote generally on this bill is to destroy it, and not to be helpful. There is no doubt about that. I understand the Senator, who is to make the keynote speech at Kansas City, very thoroughly, and he will not make a keynote speech for the farmers when he arrives there. If we are going to talk plain, let us talk plain, and lay everything on the table, and get at it.

Mr. FESS. When the Senator makes any speech for the farmers, he will go to a farmer, and not to a Senator.

Mr. GOODING. Not to the Senator's kind of a Senator, not a professor of economics. I never yet knew one of them who was right when it came to farm problems. They have the corporation view, as a rule.

Mr. FESS. In this case the Senator from Idaho has the corporation view.

Mr. GOODING. I am not going to yield any longer to the Senator.

Mr. FESS. No; the Senator speaks for the packers instead of the farmers.

Mr. GOODING. I want to go on and tell the story of the wheat grower and show what he has suffered. In 1923 the Government made an investigation of the cost of growing wheat in four of the Northwestern States—North and South Dakota, Minnesota, and Montana. Not taking any depreciation of soil into consideration, as the Senator from Iowa [Mr. BROOKHART] would have us do in his bill, not taking any depreciation of buildings, livestock, farm implements, or anything else, but allowing him a bare 6 per cent, which does not cover his costs and interests, it was found that the actual cost of producing a bushel of wheat was $1.40. In Canada it was 92 cents.

I am quite sure I am safe in saying that the cost of wheat in 1921 and 1922 was about the same as it was in 1923 and years following. The average price per bushel of wheat on the farm in 1921 was $1.01. He lost that year, on the actual cost of production as found by the Government, $314,000,000. I shall give only the round numbers. In 1922 the average price on the farm was 98 cents a bushel, and that year he lost $364,000,000. In 1923 the price was 92 cents a bushel, and that year he lost $380,000,000. In 1924 the average price on the farm was $1.27, and that year he lost $101,000,000. In 1925 his wheat was worth on the farm $1.45 a bushel, and that year he had a profit of $30,000,000. In 1926 he lost $166,000,000, and in 1927 he lost $160,000,000.

In the seven years the wheat grower actually lost, according to Government statistics gathered as to the price of wheat on the farm and the selling price on the farm, $1,487,910,230. That was his actual loss. He can not continue that indefinitely. We must enact some legislation that will give him somewhere near the cost of production, and that is what the equalization fee in the pending bill proposes to do. Without the equalization fee I would consider it a most dangerous measure. I think any bill that appropriates money to loan to the farmer, unless we can give him an increased price, is a dangerous thing for the American farmer.

What the American farmer must have, if he is to be prosperous in this country, is an increased price to meet the increased cost which has been forced upon him by his own Government through legislation, and there is no question of doubt about it. We changed, through legislation, the basis of a day's labor upon the railroads from a 10-hour day to an 8-hour day. We increased the freight rates almost 100 per cent by legislation. Through legislation we increased the price of labor on the railroads 100 per cent. That was followed by an increase in practically every industry in America, and the farmer is paying these increases of 100 per cent for everything he buys for the home and the farm and yet he can pass no part of it on to his consumer. The Senator from Ohio [Mr. FESS] understands that. The farmer never made a price on anything. He must look in the papers every morning to find the prices on farm products.

The equalization fee gives the farmer an opportunity to pass on some of these increases. The bill creates a board of directors for the farmer and for each commodity there will be an advisory council of seven members to advise the board of directors as to the best interests of that particular commodity. Talk about organizing the American farmer! We might as well try to go out and organize the west wind on the prairies as to try to organize 6,500,000 farmers scattered through the 48 different States in the Union. It is an impossible task.

The farmer has been struggling with that problem for years. He has had his cooperative organizations, only to see them broken down and destroyed by the farmers themselves who were not willing to cooperate. I had the misfortune to belong to two marketing organizations, one a wheat organization and the other a wool organization. They were absolutely destroyed practically by the producers of those particular commodities because they would not come in and cooperate. Some of them did not try to cooperate. They considered it smart, apparently, to let somebody else do the work and they reap the benefit, with the result that they broke down the market every time. We will have a board of directors here which will stabilize the market and will take the surplus off the market in an orderly way.

Let me tell what happens to the farmer. The average production of wheat in America is about 800,000,000 bushels per year. We export 200,000,000 bushels a year. That is about the average export, and I am going to take the average. I will take round figures, because they will be easier for me to explain in relation to the benefit of the equalization fee as it will be put in force by the board.

In my State for the last two years the price of wheat to the farmer has averaged $1 a bushel, and I am going to take $1 a bushel, because that is a round number. What the bill proposes to do is to increase the price of wheat by the amount of the tariff, 42 cents per bushel. Wheat in my State is worth a dollar per bushel for export into foreign markets. That means, for the 200,000,000 bushels of wheat that will be exported and taken off the market to export, that the board will lose $84,000,000; but in order to make up that loss they will levy an equalization fee of 12 cents a bushel, which will raise $96,000,000, or $12,000,000 more than the loss in the sale of the 200,000,000 bushels of wheat on the foreign market. This means that the farmer will have left 30 cents a bushel, because he is able to take off from this market the surplus and sell it abroad and bring the price of wheat up to the world price plus the tariff. He can not get the 42 cents, but he can get the 30 cents, which means in round numbers that the farmer will make, off of his crop of 800,000,000 bushels, $240,000,000. In other words, instead of selling his wheat for $1 per bushel in Idaho, if this bill passes with its equalization fee he will receive $1.30 per bushel, and even that does not bring him within 10 cents of the actual cost of production as found by his Government that he is entitled to. Surely everybody ought to be willing to give any producer or any manufacturer the cost of production. There is something wrong in any man's system when he is not willing to give at least that much.

Some of the enemies of the bill are very much alarmed about the farmer having an overproduction.

Mr. NORBECK. Mr. President, will the Senator yield?

Mr. GOODING. Certainly.

Mr. NORBECK. It is an interesting question when the Senator speaks of the "enemies" of the bill. This seems to be a case where we have to contend with the real conservative and the real radicals joining against the farmer. We have not only got to fight Boston on this bill, but we have to fight BROOKHART. I have been a progressive for a good many years, but I have come to believe that the more radical a progressive becomes, the more liable he is to join the enemy.

Mr. GOODING. The Senator's remarks are appropriate. Of course there are some people who, if they can not have what they want, do not want anybody else to have anything. Of course I would not apply that to Senators, but there are such people outside of the Senate, as we all know.

I am sure that the biggest factor in the bill is that it will bring about an orderly production. To my mind that is the big feature of the bill, because I do not believe there is much prosperity for anybody who continues all the time to produce great surpluses. After all, I do not care whether it is the tariff or whether it is the equalization fee or what it is, the great law of supply and demand must control and will control. The farmer understands this, and to my mind there is no danger of an increased production of wheat.

But if the farmer should produce 1,000,000,000 bushels of wheat and export 400,000,000 bushels of wheat, in order to take care of the 42-cent loss in the export of the 400,000,000 bushels of wheat, or $168,000,000, the board would have to levy an equalization fee of 18 cents a bushel.

The 18 cents a bushel would raise $180,000,000, exactly $12,000,000 more than we say his losses are. Still that gives

him 24 cents a bushel more than the world's price. The Senator from Maryland [Mr. BRUCE] is quite right. After all it does not come out of the farmer's pocket. It never was in his pocket. But because we take out of his bushel of wheat 18 cents, even if he produces 1,000,000,000 bushels of wheat he will have 24 cents more per bushel. That will give him in round numbers on a billion bushels 24 cents a bushel or $240,000,000, and yet, if you please, he is 16 cents away from the actual cost of production shown by his own Government, and yet we find men fighting him.

That is what the equalization fee will do for the wheat grower. It will do just as much for every other farm product. To my mind it will do more for the cotton grower. It will make it possible for him to market his farm product in an orderly way, and that is what the world is doing with all its raw materials, and no place has there been a failure. There have been some changes in the system. The coffee bankers in Brazil are carrying that product along. England brought her rubber from 7 cents to a dollar a pound, which is entirely too high and we all agree to that, but to-day the rubber plantations are prosperous.

I am satisfied that the cotton growers, with an advisory council of seven members taken from among the cotton growers, can adopt a plan and a policy that will bring about a reasonable and fair price for cotton every year, instead of selling it below the cost of production as they are doing at the present time, not only in America but for the whole world.

Mr. President, Senators say they are going to vote against the bill if the equalization fee is left in it. I am going to vote against it if it is taken out and every friend of agriculture who knows anything about the needs of agriculture ought to do the same thing.

Mr. NORBECK. There is nothing else to do. If the equalization fee is taken out, it becomes a joke and we ought to be honest with the people and vote against the bill.

Mr. GOODING. Of course, that is correct. There is not a farm organization in America asking for the bill without the equalization fee; not one. Of course, the packers are against the bill and the millers are against it. The millers have the best organization there is in America. Is there any doubt in the mind of any Senator that with $1.06 of compensatory duty on 100 pounds of flour, because there is a duty of 42 cents on a bushel of wheat, that the miller is not collecting the full duty on flour and that the people are paying for it? Of course, a man would be simple if he did not know that was going on.

Yet the farmer gets no benefit of the protection of 42 cents per bushel on wheat, with the exception of what is called the hard wheat, of which we produce around 200,000,000 bushels. On an average he has had a benefit of about 12 cents per bushel out of the 42 cents per bushel on the hard wheat; but out of 600,000,000 bushels of what is called soft wheat farmers never received any benefit of the tariff of 42 cents per bushel. At times millers and speculators have forced it below the price it is actually worth for export, and yet the people pay and pay all the time the full amount of duty on wheat of 42 cents per bushel.

The bakers to-day are getting $27 out of a barrel of flour, while the farmers are getting less than $5 out of a barrel of flour.

Mr. BRUCE. Mr. President, may I ask the Senator from Idaho a question?

Mr. GOODING. Yes.

Mr. BRUCE. Is it not true that the function of distribution as well as the function of production is necessarily attended with great cost?

Mr. GOODING. That is true, of course, I will say to the Senator from Maryland. I think, however, it has been stated on this floor over and over again, and I have stated it, that we have 19,000,000 people trafficking in farm products, and for every dollar the farmer gets those 19,000,000 people take $2. There is in this country a farm population of 36,000,000 and that is the division of rewards.

To my mind the pending bill is going to bring about cheaper living when the instrumentalities are properly built up for marketing, but it is going to take a little time to do that.

Mr. BRUCE. But the point I am making is that a certain amount of cost and expense is inseparable from the distribution of agricultural products.

Mr. GOODING. Of course.

Mr. BRUCE. And that cost has got to be met by somebody.

Mr. GOODING. Certainly.

Mr. BRUCE. And if it is not met by private individuals or private concerns it has to be met by the Government. Is not that so?

Mr. GOODING. It is not met by the Government.

Mr. BRUCE. But agricultural products can not be distributed without expense.

Mr. GOODING. Of course, the freight and all other expenses have to be paid.

Mr. BRUCE. Then somebody has got to be paid for handling the products. That is one of the offices connected with the function of distribution.

Mr. GOODING. For every hundred people in America there is a storekeeper. So it goes on down through the list. We in America have the most extravagant marketing system the world has ever seen. It is getting more expensive all the time. I think much of it can be eliminated by the passage of this bill. With this board of directors—that is all they are—the cotton growers are going to be stockholders so far as their work in cotton marketing is concerned; the wheat growers are going to be stockholders, so far as their part is concerned in the production of wheat; and so it goes on through the whole system. This bill means that we are going to develop in this country an organization that will permit the farmers to market their product the same as other industries market their products to-day.

The tariff legislation, as the Senator from Maryland knows, permits the manufacturers of this country to sell cheaper abroad than they do at home. That is all the farmer is asking for. In this case he is asking for an American price for American cost of production that has been forced on him by his own Government; that is all. The farmer does not want anything else, and he can not get even that under this bill. Nobody can be hurt; there is no way that the farmer can inflate the price beyond a reasonable one, because the tariff will not permit him to do it. We had just as well understand it. I speak only for myself. This fight is going to continue. If the Supreme Court shall find the proposed legislation unconstitutional, the farmers of the country will be forced to make an effort to amend the Constitution, so that they, as well as corporations, may come under the Constitution. I have listened before the Interstate Commerce Committee to an argument on constitutionality in respect to coal. We had two sets of attorneys before us—one representing the American Mine Workers and the other the mine operators. Both of them have been on both sides of the question. First the operators, when the strike was called in the coal mines, took the position in the coal fields of Pennsylvania and West Virginia that the mining of coal was interstate commerce and asked for injunctions against the striking miners because it was claimed the strike interfered with the mining of coal. Now the operators refuse to give the Interstate Commerce Committee the cost of production saying that coal is not interstate commerce and that the committee for that reason has no right to ask the question.

The United Mine Workers took the position before the courts that the mining of coal was not interstate commerce, and for that reason the injunctions should not issue; but the courts issued their injunctions and now attorneys for the United Mine Workers insist that the mining of coal is interstate commerce and from the injunctions that have been granted in Pennsylvania, I am sure they have the right to believe that the mining of coal is interstate commerce, for in Pennsylvania they have obtained injunctions against the miners singing Nearer, My God, to Thee, and other hymns because coal is interstate commerce according to the decision of that court.

I have confidence in the Supreme Court; I believe they will find that wheat is interstate commerce; that it is a part of the great traffic that passes over our railroads; that it enters as a large factor into making up the interstate commerce of the country; and that we have a right to deal with it as interstate commerce, under the Constitution. That is what this bill proposes to do; that is all and nothing else. It merely proposes to permit the farmers of the country to transact business the same as the great corporations of the country do, and that everybody ought to be willing to give the farmer an opportunity to do.

The people of New England, on whom we have piled protection for more than a hundred years, have built up great industries, all of which have increased the cost of the production of a bushel of wheat; but, to my mind, the protective tariff is a great American principle; I think it has built up a high standard of citizenship in America; and I am not for breaking it down. Ah, but they give to the poor old farmer what? Nothing at all. They give to the West what? Nothing at all. They are against his good roads; they are against anything in the interest of agriculture or the West. We had just as well begin to call a spade a spade and have an understanding. Do not forget that "whom the gods would destrcy they first make mad."

No wonder there is discontent in the ranks of agriculture. Would Senators expect to find among the farmers anything

but discontent? We have not been fair with them; the Government has not been honest with the farmer. When a Government changes the basis of a day's labor from 10 hours to 8 hours a day, increases the price of labor 100 per cent, increases the freight rates which the railroads pass on to the consumer, and then pays no attention to the farmer whose cost of production has been increased 100 per cent, I maintain that is a crime. Perhaps it was not intentional, but that is just what has happened to the American farmer, and that is what is the matter with him.

New England is not fair to the West. They insist that we go back to normalcy. I have heard much about the word "normalcy." It means, according to my opinion, breaking down the price of labor, to what it was before the war. Mr. President, I hope that will never happen. I do not believe American labor is getting any too much for the work performed, and I hope the time will come when we shall be able to pay more, because I believe that to-day in organized labor and in other forms of labor rests the safety of the American Government and its best interests. It is strange, is it not, that the man who belongs to a labor organization and buys a loaf of bread is on record with his coworkers for this bill, while the manufacturers of the East into whose pockets the Government has poured billions are opposing it almost to a man. Come on with the fight. I want to tell you, Mr. President, the American farmer is ready for it with his back to the wall; that he has reached the point where he is about ready to let the tail go with the hide.

Mr. HARRIS. Mr. President, I think all Senators with whom I have served will agree that my record since I have been in the Senate has been favorable to agriculture whether it be of the West or North or South. No Senator has worked harder for the farmers at all times than I have. I know that the farmers need help, and I am anxious to help them, but I can not understand how putting a tax under the guise of an equalization fee will help the farmer. I do not believe we have the right to put an equalization fee on the farmer, and I will never vote for this bill unless it is amended to strike out this fee or else allow the farmers to decide whether this fee is wise. It must be left entirely in the control of the farmers. I shall never vote to put the farmers in a straight jacket—they have hard enough times as it is without adding any burdens to their already too heavy load. We know that under the protective tariff the manufacturers by the help of Congress have been benefited at the expense of the public, who are taxed to pay for it. We know that the railroads under the Esch-Cummins law have been practically guaranteed dividends on all their property; and we know that railroad labor under the Adamson law has been benefited. Furthermore, we know that the Post Office Department suffers a loss of practically $100,000,000 a year in carrying postal matter for certain interests that do not pay the cost of carrying it. Then why should not the Government pay any loss sustained in handling surplus cotton and other farm products?

The Senator from Kentucky [Mr. SACKETT] offers an amendment which provides that if there shall be any loss in handling the surplus cotton or other agricultural products it shall come out of the fund to be created by Congress, and I shall vote for his amendment. Some of my friends on the other side of the Chamber want to make the farmer pay this loss. They want to help the farmer by taxing him under the guise of an equalization fee, which is a mighty poor way to help him.

Mr. President, we have heard a great deal said on the other side this afternoon about what the farmers in America want. No Senator keeps more closely in touch with the farmers' needs than I do, and I am sure the Georgia farmers want me to vote for the amendment of the Senator from Kentucky, which would relieve them of paying this equalization fee, and provides that the losses shall be paid out of the Government fund to be created for handling cotton and other surplus crops. Congress has already delayed too long the help that is necessary for the farmers to make a living. We must do something now. When we help the farmers it benefits all classes. No matter what Senators may say, it can not be denied that Congress has failed in its duty by the farmers. Many thousand farmers, during the past few years, have worked hard and through no fault of their own have either lost their farms or have them heavily mortgaged.

Mr. HEFLIN. Mr. President, I can agree with a great many things said by the Senator from Idaho [Mr. GOODING]. I know that the farmer needs relief. The question is what manner of relief should we give him. We ought not to give him a gold brick; we ought to give him legislation that will reach the evil, legislation that will help him out of the difficulty in which he finds himself. But I can not understand why a packer should be tied into this bill at any place, in any fashion, to share the fund that is to be raised by the farmers by an equalization fee.

Mr. McNARY. Mr. President——

Mr. HEFLIN. I yield to the Senator from Oregon.

Mr. McNARY. Will the Senator turn to the place in the bill where it refers to the packer or where the packer is "tied in"?

Mr. HEFLIN. I understand the Senator from Oregon has said that in certain circumstances the services of the packer would be used, and therefore he would share in this fund.

Mr. McNARY. He would not share in the fund, but he would be paid for his services. If there are agencies in existence by which hogs can be handled or a portion of a carcass, or by which wheat can be ground into flour, the board has a right to employ such agencies to render the service, the same as we might employ an automobile to take us from here to the center of the town. The bill does not confer any kind of emolument whatsoever on the packer, but if he renders a service, just as a cooperative organization renders a service, he gets the price of the service so rendered. Would the Senator do less? If two or more cooperative associations are employed by the board—because the board has not any instrumentality of its own—the board pays the actual cost and charges of the services rendered by such cooperatives. There are no agencies created, aside from the board and advisory councils, save those that are now constituted and recognized as lawful agencies. The board will pay such agencies for the services rendered. Would the Senator decline such service and deny compensation? That is all there is in this proposition. It makes it possible for the farmers under all conditions and circumstances to take advantage of the machinery created by this bill. Would the Senator deny them that opportunity? Would he expect anyone under the sun, whether it be a packer, a cooperative association, or a Senator of the United States, to render a service without emolument and fair compensation? If the Senator does, then he represents a school of thought of which I am not at all a disciple.

Mr. HEFLIN. Mr. President, the Senator suggests that the packer is merely to act as an agent. I can not bring myself to appreciate the situation where the miller, a buyer, is going to help the seller handle his wheat in such a way as to enhance the value of wheat and cause him to have to pay a higher price for it.

Mr. McNARY. Mr. President, I do not want to interrupt the Senator.

Mr. HEFLIN. I yield to the Senator. I want to get at the facts.

Mr. McNARY. The language is so plain and the illustration I have drawn I think so accurate that it seems unnecessary to say more about it; but let me ask the Senator a question on the miller proposition.

The board sees that it is necessary in its physical, raw state to withdraw from sale a large quantity of wheat. It finds that to employ American labor it should and could be milled in American mills. It has the right to enter into contracts to have that conversion take place, in the interest of American labor. Does the Senator object to the employment of American labor?

Mr. HEFLIN. No.

Mr. McNARY. Or would he have the wheat in its natural state sent over to Europe, to be ground by the employment of foreign labor?

Mr. HEFLIN. No.

Mr. McNARY. The Senator has talked very eloquently and sincerely—I give him credit for that—about how much interested he is in America and the American citizen. All that this provision with regard to conversion is for is to give to American labor—100 per cent American labor, I assume—that works in the mills the wages that otherwise would flow with the unconverted wheat into Europe, to be there ground by foreigners.

Mr. HEFLIN. That is a very pretty picture, Mr. President.

Mr. McNARY. It is a true one. I am sorry the Senator did not paint it, because it would be more glowing.

Mr. HEFLIN. Mr. President, I paid very strict attention to the Senator, and his statement of the matter was very clear and strong; but the idea of the miller working in concert with the producer is a thing that puzzles me. The buyer has his own position, and the seller has his. They are at war with each other, in a sense. The buyer wants to buy just as cheaply as possible. The seller wants to sell for the best price possible. The thought that came to me was, how are you going to handle this situation with a miller or a packer who is on the buying side of this question, and tie him into a situation where he is going to represent the seller's side of the question and himself, too, at the same time, and make it profitable to both? That is a hard thing to do.

Mr. McNARY. Mr. President, if my distinguished friend, who is usually a student of measures that come before this body for its consideration, would read the bill comprehensively

and studiously, he would see that the instrumentality—it may be a packer—buys at the suggestion of the board and sells under marketing agreements, and simply receives a small compensation or a fair compensation for the service it renders.

Mr. HEFLIN. Mr. President, I can understand, if an occasion should arise where there is not an agency that could be employed, that it might be necessary to employ the miller; but when you employ the miller he has to be a queer miller indeed to be looking out for his side and his profits in the trade, and at the same time using his influence and his sense and his strength to look after the interests and the welfare of the producer in the trade.

Mr. GOODING. Mr. President——

Mr. HEFLIN. I yield to the Senator from Idaho.

Mr. GOODING. I want to say to the Senator that there is more than one miller; and if he does not treat the board fairly and honestly, they will not transact business with him.

Here is a board of directors of intelligent men, beyond a doubt. If the President signs this bill, of course he is going to exercise great care in the selection of the men. He will want it to be successful.

Mr. HEFLIN. Yes.

Mr. GOODING. Of course there is nothing else to do except to use the instrumentalities that are in existence until you can build up something better.

Mr. HEFLIN. Well, it is a hard situation to put the farmer in to use an agency like this, when you could create one of his own making, and let the farmer look after his own business.

If I understand this—and I want to get it clear in my mind—the miller will pay no part of any equalization fee. The packer will pay no equalization fee.

Mr. GOODING. Let me explain it to the Senator.

Mr. HEFLIN. In a moment. The farmer pays the equalization fee; and yet you will call in a miller, an outside man, or a packer, and he is going to share in this equalization fee plucked out of the purse of the farmer. It looks to me as though we are going a long distance out of the way when we go off and pull in these outside influences, who naturally are antagonistic to the farmer and to good prices for the farmer's product.

Mr. GOODING. Mr. President——

Mr. HEFLIN. I yield to the Senator.

Mr. GOODING. This is what the board will do:

The miller will not export wheat. It is not necessary to use him to export wheat, but he of necessity exports flour; and, because of the American price of wheat being increased, he must be protected in the increased price of his flour, and that is all this board will do. That is all they propose to do—to protect him, to see that he does not have a loss on his flour, because the price has been increased to the American farmer—that is all; nothing more. He does not share in any profits. He gets his profits from milling, and that ends it.

Mr. BLAINE. Mr. President——

Mr. HEFLIN. If that is true, then his agency is not worth anything to the farmer.

Mr. GOODING. Oh, yes. He grinds the wheat into flour, and we export every year a great many hundred thousand barrels of wheat in the shape of flour.

Mr. HEFLIN. Does he then, by that act, increase the price of wheat?

Mr. GOODING. Well, of course by the action of the board in taking the surplus of wheat off the market, and permitting the great law of supply and demand to operate, you can raise it up to the tariff. If it does not do that, then all the arguments that you have made on the other side of the Chamber in the past that the tariff increases the price of everything in this country have been wrong. Of course it will increase it.

Mr. HEFLIN. Then what he does, does help to raise the price of wheat?

Mr. GOODING. Yes; but he does not share in the increase.

Mr. HEFLIN. Then, if that is true, he has to turn right around and pay more for the wheat that he buys next day.

Mr. GOODING. Of course; and he ought to pay more, because he is not paying the cost of production.

Mr. HEFLIN. Does the Senator think he would do that out of his affection for the farmer?

Mr. GOODING. Oh, not at all.

Mr. HEFLIN. Does the Senator think he would go to work to raise the price to himself out of regard for the farmer?

Mr. GOODING. Not at all; no. We are not anticipating any affection at all. This is a cold-blooded business proposition. He will have to pay the American price for wheat; that is all; and unless the farmer can get that out of his farm products, he has not got much.

Mr. HEFLIN. I want to help him to get the cost of production——

Mr. GOODING. Then vote for this bill.

Mr. HEFLIN. I want to help him get the cost of production, plus a splendid profit; but I do not propose to have tied into it packers and millers, who will get this fund instead of the farmer. I have seen that done before with legislation in the name of the farmer; and, when it was over, somebody else had access to the fund who had better collateral than he had. The packer is one of them, and the miller is another. They get it, and he does not get it.

Mr. BRUCE. Mr. President——

Mr. HEFLIN. I yield to the Senator from Maryland.

Mr. BRUCE. Mr. President, I simply want to ask the Senator from Alabama whether he is not mistaken in saying that this equalization fee is plucked—I use his very language—from the pocket of the farmer. That is not the way the bill works. The way it works, if I understand it, is this:

The farm board will proceed to create enough scarcity in a particular commodity, by buying up large amounts of it for export, to send the domestic price for it up to a point sufficient not only to cover what might be conceived to be the proper price that the farmer should receive, but to cover the equalization fee besides. In other words, the equalization fee is no tax or burden on the farmer. It is a tax or burden on the ultimate consumer alone. It would never reach the pocket of the farmer. The farmer would never expect it to reach his pocket. It is just a part of the bubble blown up by the inflation of price, that the farm board is to bring about by buying up exportable surpluses.

I repeat, and nobody has been able to challenge the accuracy of the statement so far, that the equalization fee is in no true—in no real sense—any tax or burden on the farmer at all. The farm board has to incur certain expenses in its marketing operations, and the bill proposes just two means by which those expenses may be met. One is by creating this equalization fund, which is created, of course, by merely pushing the price up higher than is necessary to give the farmer a proper price for his product. The other is by making advances and loans out of the Federal Treasury to farmers' cooperatives. In other words, in one case the Government takes the sum that is necessary to meet the expenses out of the pockets of the consumers, and in the other it takes it out of the General Treasury of the Federal Government.

Mr. HEFLIN. Mr. President, I am in favor of aiding the farmer in any way I can to keep his surplus off the market. There is his trouble. If this thing would work, and I knew it would work, I would favor it; but a situation might arise where it would not work.

Suppose they assessed the farmers of my section $5 a bale on cotton. The farmer who produces 10 bales would be assessed $50. If the equalization fee did not work as they thought it would, and the market should continue to go down, he is hurt not only the $50 taken from him in the outset but in the further decline of the price. The same thing might occur with wheat or corn. But, Mr. President, what the farmer needs to have done is to be delivered from the money sharks of the country who feed on his substance, who organize and watch him when he comes to the market place with his produce. They commence to hammer the price down. They go upon the grain exchange, and they sell fictitious grain to the extent of billions of bushels, and they beat down the price.

Here is the farmer coming to the market place with his grain. When he gets there they have swamped the market with their fictitious sales on the exchange. They have controlled the price; they beat it down; they are ready to buy from the producer, and what does he find? He finds himself in a market place where the price does not justify him in selling, but he has to sell. Why? The merchant that he owes tells him he must sell; he needs his money. The banker from whom he has borrowed tells him he had better sell. If they can beat down the price to-day, they can do it to-morrow; and, demoralized, he stands in the market place helpless. He has to dump his wheat on the market, and when they buy it they turn right around on the same exchange and speculate on the bull side of the market, and put up the price rapidly until it goes sky-high, and they clean up millions of money as it goes down, and millions of money as it goes up; and then they put the price of flour to the consumer at the high price fixed by the speculators on the exchange.

They do the same thing in cotton. The farmer comes to the market place. They beat down the price of cotton $15 or $20 a bale, perhaps, and he has to sell. The merchant needs his money; the banker wants his paper settled; and the farmer has pressure brought to bear on him all around. What he needs to do, what the grain grower needs to do is to be able to keep his cotton or his grain off the market, and tell the buying world, "You can not have this grain or this cotton unless you pay me the cost of production, plus a profit. I have a right to

that as a producer. We produce that which feeds and clothes the world. We are not going to permit you to rob us, and send us out of the market places in America empty handed back home with nothing for our wives and children."

Senators, that thing has got to stop. The farmer has got to be delivered.

Now, here is another trouble that the farmer has.

Mr. CARAWAY. Mr. President, will the Senator yield to me?

Mr. HEFLIN. In a moment.

The banker may be speculating on the bear side of cotton. The banker may be speculating on the bear side of wheat or corn. He does not want to loan money to a man to hold his grain off the market when he is making money by the price going down in his speculation, so he discourages him, and does not let him have the loan, so he has to sell, and when the farmer dumps his grain on the market it goes still lower, and the banker makes more money out of it. The banker, if he were out entirely and did not speculate in grain or cotton on the bear side he would be interested in loaning money and helping the producer. He lives in the same locality. But the farmer has that situation confronting him.

What will this revolving fund do? I want to say to the Senator from Oregon that that is the redeeming feature of this bill. If we provide $400,000,000 the grain grower can walk up, without consulting anybody who is interested in beating down the price of his stuff, and borrow out of that fund, and hold his product off the market until the price will justify him in selling.

Senators, that is sound doctrine, it is sound principle, it is right. The farmer has the right to be protected in that respect.

Mr. BLAINE. Mr. President——

The PRESIDING OFFICER (Mr. STECK in the chair). Does the Senator from Alabama yield to the Senator from Wisconsin?

Mr. HEFLIN. I yield.

Mr. BLAINE. If the Senator will bear with me just a moment, it has been suggested that this provision relating to entering into agreements with other agencies than farmers and cooperative associations would permit the millers and packers to process the farmers' product and manufacture it here at home and give American labor that employment. I want to call to the attention of the Senator, in connection with the remarks made by the Senator from Oregon, the fact that that is not a complete statement of the whole situation, and I will call the attention of the Senate at this time to the provision contained on page 13 of the reprint, which was embodied in my amendment, which I propose to strike out. It reads in this way:

> If the board is of the opinion that there are two or more cooperative associations or corporations created and controlled by one or more such associations capable of carrying out any marketing agreement, the board in entering into the agreement shall not unreasonably discriminate against any such association or corporation in favor of any other such association or corporation. If the board is of the opinion that there is no such cooperative association or corporation created and controlled by one or more such associations capable of carrying out any marketing agreement for purchase, withholding, and disposal, then the board may enter into the agreement with other agencies but shall not unreasonably discriminate between such other agencies.

That provision has nothing to do with the manufacturing or the processing of farm commodities. It is subdivision (f) that deals with food products, or manufactured or processed products. But under the provision which I have just read any miller, any packer, any cotton broker, any of these great institutions, private organizations, may purchase these farm commodities under an agreement which is controlled by this language found on page 12 of the reprint, in paragraph 2, beginning in line 11:

> Any such marketing agreement shall provide for the payment from the stabilization fund for the commodity of the amount of the losses, costs, and charges arising out of the purchase, withholding, and disposal, or out of contracts therefor.

Mr. President, the provision, which was not stricken out, permits the board to enter into these agreements which are controlled by the provisions in section 7 to which I have referred. Therefore, of the equalization fee, which is made compulsory, which is exacted either from the farmers or the consuming public, such part as will be necessary will be paid to the packer, the miller, the cotton broker, or any large corporation with which the board has made a contract for all losses, all costs, all charges, and, in addition to that, the same brokers and millers and packers may have their subsidiary organizations in the British Isles, in France, where they already have them, in Germany, in China, or any place in the world, and those subsidiary agents, made up of the same people, but under a different corporate name, may buy those products, raw or processed, and the losses in the world market upon those products must be made up by the imposition of an equalization fee. If this bill means anything, it means that.

Mr. HEFLIN. It strikes me that the Senator's contention is correct.

Mr. BLAINE. I am putting it just as clearly as I am able to put it. I thank the Senator for permitting the interruption.

Mr. BRUCE. Mr. President, will the Senator yield?

Mr. HEFLIN. In just a moment, because I want to get through.

Mr. BRUCE. I want to ask the Senator a question before he passes that phase of what he is saying; but if it is not convenient to the Senator to have me interrupt him just now, I will wait.

Mr. HEFLIN. I yield.

Mr. BRUCE. All I wanted to say to the Senator was simply this, that it seems to me he is mistaken in supposing that if this bill goes into effect anybody will do the bulling and the bearing except the Government itself, through this agency, the farm board created by this bill. Of course, it would be in the power of that board to bull or to bear at pleasure as respects a commodity of which there was an exportable surplus. In other words, if it wanted to put the price up, all it would have to do would be to go out in the market, with $400,000,000 behind it, and buy and buy and buy until there was such a scarcity at home of that particular commodity that the price of the commodity would go soaring skyward. Then, of course, the farm board could at any time refrain from creating the state of scarcity in the case of an exportable surplus, which is necessary in order to make this bill effective. So I do not think there would be that opportunity for private speculation of which the Senator speaks. That is the point I want to make. The opportunity to speculate would exist almost entirely as respects the farm board itself.

Mr. HEFLIN. If it could be changed so that the farmer could have the whip hand for a while, I believe I would be willing to have him try it.

Mr. President, I do not get excited over the suggestion that we are about to set aside a fund of $400,000,000 for this purpose, because that money will be used in the interest of the great agricultural classes of America. They have been badly used and much abused in the last few years. The foreclosure of mortgages tells the sad story. Two million farmers have lost their homes in the last six years and have drifted into the cities to start life over again. That is a sad commentary upon this Government and the policies of this administration.

The farmer has fought a losing battle on his farm. The home he once owned, where he was happy with his wife and children, has been taken from him and he has been driven away. I want to make conditions happy and prosperous on the farm again. I want to see the farmer come into his own. I want him to be made a prosperous, upstanding American citizen.

I would remind the Senator from Maryland that during this administration and the one that preceded it Mr. Mellon has refunded to the big taxpayers of America over a billion dollars, without the list and the amounts opposite the names ever having been furnished to the Senate. That money has been refunded to about 150,000 or 200,000 people, while this fund of $400,000,000 is simply to be loaned to the farmers, and it will bless and benefit thirty-odd million farmers—yes; more than that. The agricultural population of the United States is about 65,000,000.

Mr. BRUCE. Mr. President, the Senator misunderstands me, I think. I was not finding any fault with this sum of $400,000,000. I am not prepared to say for a moment that I would not support some thoroughly rational constitutional method on the part of the Government for lending pecuniary aid to the farmers that would involve a loan to the extent of $400,000,000, but what I was especially stressing was the fact that I can not see any reason for creating this equalization fee. Why any provision for an equalization fee should be brought into the bill at all I do not see. It seems to me that the bill would be ever so much more acceptable, that the bill would be ever so much more workable, and the bill would be ever so much more desirable in every respect if no provision were made for an equalization fee at all, but simply related to loans or advances from the Federal Treasury.

Mr. HEFLIN. Mr. President, the Senator and I are in agreement, in the main, on the equalization fee. I am willing to vote for any sort of a fee the western farmers want. If they are wedded to the idea of an equalization fee on corn and wheat, I

will vote for it, if they will strike cotton out of it. But our farmers have not reached the point yet where they are asking me to support an equalization fee on cotton. I will tell Senators they are going a long way when they confer the power upon any organization to reach out and take hold of a farmer who is beyond the pale of the organization and impose a fee upon him to bring in his money to be used in a fund over which the organization has control. That is going a very long way.

I am willing to vote for anything that is sound, that will help the farmer and deliver him out of this awful vortex in which he finds himself to-day, but I believe that the revolving fund that we have provided, which would give the farmers of the South access to probably $150,000,000, would, at the marketing time, enable them to market their cotton in an orderly way, and to keep it off the market when the price did not justify them in selling.

It would have this effect: When the farmer came to market to sell and he felt that the price did not justify him in selling, although he owed money to the merchant and money to the bank, he would say, "I will just put my cotton in the warehouse, I will keep it off the market, I will not permit it to be used as a club to further beat down the price. I will withdraw it from the market and I will borrow money on it out of the revolving fund, pay the merchant and pay the banker, and hold the cotton until I am justified in selling."

If we could do something to accomplish that, we would be walking on solid ground, and giving the farmer something substantial.

Mr. President, if I may have the attention of the Senator from Oregon, if the Senator would accept an amendment, on line 18, page 13, at the end of the line, just before the word "agencies," to insert the word "farm," and then in line 20, before the word "agencies," to insert the same word, so as to make it read "agreement with other farm agencies, but shall not unreasonably discriminate between such other farm agencies," I think that might meet the objection. If the Senator would accept that amendment I think it would clear up the language and make it certain that nobody but farmers and their real representatives could get any of this fund.

Mr. McNARY. Then the distinguished Senator from Alabama would take the position that there is no opportunity for the packers or the converters in any way to deprive the farmers of any just profit?

Mr. HEFLIN. I am not in favor of depriving them of any just profit.

Mr. McNARY. I inquire if the acceptance of the amendment would cause the Senator to think the thing about which he complains would be entirely removed from the bill?

Mr. HEFLIN. I think it would at least confine it to the farmers and to the farming class.

Mr. McNARY. The Senator would not expect the farming class in any way to injure the farmer?

Mr. HEFLIN. I would not expect the farming class to do it if they are real bona fide farmers.

Mr. McNARY. I explained a moment ago the purpose of the present language. I think no one would question that there is no intention, under any construction that might be placed on the language, to deprive the farmer of any of his just profits. I am inclined to yield to the Senator from Alabama, on account of his tenderness for the farmer, by accepting the amendment, so far as I may do so, provided he believes there is no possibility left in the bill to deprive the farmer of any of his just rights.

Mr. McKELLAR. Accept the amendment and let us vote.

Mr. HEFLIN. All the Senator has to do is to accept the amendment and not have me give him my opinion about it. I hope there is nothing else in the bill to criticize, but I do not want to commit myself too far.

The PRESIDING OFFICER. The question is on agreeing to the amendment submitted by the Senator from Kentucky [Mr. SACKETT]. [After a pause.] The Chair is informed that the amendment of the Senator from Alabama is first in order.

Mr. McKELLAR. The Senator from Oregon accepted that amendment.

Mr. McNARY. I can not assume the responsibility for accepting it. I can merely indicate my approval.

Mr. BRUCE. Mr. President, I note the absence of a quorum.

The PRESIDING OFFICER. Let the pending amendment be first stated.

The CHIEF CLERK. On page 12 of the original print, line 25, after the word "other," insert the word "farm"; and on page 13, line 1, after the word "other," insert the word "farm," so it will read: "The board may enter into agreement with other farm agencies, but shall not unreasonably distinguish between such other farm agencies."

Mr. SACKETT. Mr. President, how does this amendment take precedence over the amendment which I offered?

The PRESIDING OFFICER. Because, as the Chair understands, it is an amendment to the paragraph which the Senator from Kentucky proposes to strike from the bill. It is perfecting the part proposed to be stricken out.

Mr. HEFLIN. My amendment has nothing to do with the amendment of the Senator from Kentucky.

Mr. BORAH. Mr. President, I am endeavoring to find out what the amendment is.

The PRESIDING OFFICER. It has just been reported by the clerk.

Mr. BORAH. I understood his reading, but I have not got the effect of the amendment. Is the effect of the amendment to take out the clause to which the Senator from Wisconsin [Mr. BLAINE] objected?

Mr. McNARY. The Senator can speak for himself, but the burden of his complaint, as I understand it, is that there might be a possibility of doing a great wrong to the farmer by entering into contracts with the packer and the miller to take care of certain surpluses. That also was the fear expressed by the distinguished Senator from Alabama [Mr. HEFLIN]. In order to meet the situation I was willing to accept the amendment submitted by the Senator from Alabama, namely, that the word "farm" be inserted so that it would read "other farm agencies."

The PRESIDING OFFICER. The Chair was correct in his first statement that the amendment of the Senator from Kentucky is in order. On it the yeas and nays have been ordered.

Mr. BROOKHART obtained the floor.

Mr. BRUCE. Mr. President, I note the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Edge	La Follette	Sheppard
Barkley	Edwards	McKellar	Shipstead
Bayard	Fess	McLean	Shortridge
Bingham	Fletcher	McMaster	Simmons
Black	Frazier	McNary	Smith
Blaine	Gerry	Mayfield	Smoot
Blease	Glass	Metcalf	Steck
Borah	Goff	Moses	Steiwer
Bratton	Gooding	Norbeck	Stephens
Brookhart	Greene	Norris	Swanson
Broussard	Hale	Nye	Thomas
Bruce	Harris	Oddie	Tydings
Capper	Harrison	Overman	Tyson
Caraway	Hawes	Phipps	Vandenberg
Copeland	Hayden	Pine	Wagner
Couzens	Heflin	Pittman	Walsh, Mass.
Curtis	Johnson	Ransdell	Warren
Cutting	Jones	Reed, Pa.	Waterman
Dale	Kendrick	Robinson, Ind.	Watson
Deneen	Keyes	Sackett	Wheeler
Dill	King	Schall	

The VICE PRESIDENT. Eighty-three Senators having answered to their names, a quorum is present. The Senator from Iowa has the floor.

Mr. McNARY. Mr. President, will the Senator yield to me to submit a request?

Mr. BROOKHART. I yield.

Mr. McNARY. I ask unanimous consent that we may vote upon the proposal submitted by the Senator from Alabama [Mr. HEFLIN] prior to taking the vote upon the pending amendment of the Senator from Kentucky. I shall withdraw the request if it leads to any discussion whatever.

Mr. BRUCE. I am very sorry, but I have some reasons, which seem to me, at least, substantial, why I can not enter into the request.

Mr. McNARY. Very well.

Mr. SACKETT. I ask for a vote on the pending amendment.

Mr. SIMMONS. Mr. President, a point of order.

The VICE PRESIDENT. The Senator will state the point of order.

Mr. SIMMONS. The Senator from Kentucky has moved to strike out the section providing for the equalization fee.

Mr. BROOKHART. Mr. President, I have not yielded the floor.

The VICE PRESIDENT. The Senator from North Carolina raises a point of order.

Mr. BROOKHART. I beg the Senator's pardon.

Mr. SIMMONS. While that question is pending, an amendment is offered to a provision which it is proposed to strike out. The point of order I make is that the first vote should be a vote on that amendment, because it is in the nature of perfecting the very section which it is proposed by the Senator from Kentucky to strike out.

The VICE PRESIDENT. The amendment of the Senator from Alabama does not propose to perfect the section which the Senator from Kentucky moves to strike out.

Mr. SIMMONS. Is it not an amendment to amend before we strike out.

The VICE PRESIDENT. No; the second amendment refers to section 7 and the amendment of the Senator from Kentucky is to strike out section 8.

Mr. SIMMONS. Very well. I understand the point of order is overruled. I desire to be recognized in my own right.

The VICE PRESIDENT. The Senator from Iowa has the floor.

Mr. SIMMONS. I beg the pardon of the Senator from Iowa. I did not know that he had been recognized.

Mr. BROOKHART. Mr. President, I shall detain the Senate but a few moments before allowing a vote on the elimination of the equalization fee. I am not one of those who has any objection to the equalization fee, in and of itself. There is some question about its constitutionality. If I were the court I would hold it to be constitutional, but I am not the court. Neither is the Senate. I shall not discuss the constitutionality phase of it. I shall only discuss briefly the economic phases of it.

I believe that the Government of the United States owes it to the farmer to start the export corporation out of the Treasury of the United States. Therefore I favor deferring application of the equalization fee and putting it on later. The bill itself does that. It is not out of harmony with the idea I have just expressed. If the bill passes and becomes a law, no equalization fee will be put on under its terms until the other method has been tried out.

The information we have from the previous veto of the President is that he will not sign a bill with the equalization fee in it. I believe all of the other objections have been substantially removed; and since we are deferring the equalization fee by the terms of the bill, it seems to me we might just as well pass a bill which will be signed as one that will be vetoed. Therefore, why not strike out this provision for the present? Under the terms of the bill we are going to try the other method during the summer; and if it does not work, then when we assemble again we can put on the equalization fee, if it shall become necessary

So it seems to me that as a matter of merely good common horse sense we ought to take this provision out of the bill and avoid that controversy. If we are going to pass a bill of this kind, we ought to pass one that will give the farmer some immediate relief. There will be no chance of relief if the bill shall be vetoed, unless it can be passed over the veto, which nobody believes. Accordingly, I favor at this time striking out the equalization fee.

In the substitute which I have offered there is no equalization fee. I have provided that, up to $600,000,000, the Treasury of the United States shall stand the loss, and there are eloquent reasons why that should be done. The Republican platform has promised it; the Democratic platform has promised that equality; and no man who views the question from the standpoint of the farmer can deny that the farmer is entitled to ask from the Treasury a similar support to that which has been given to other industries. Why, then, put in the equalization fee and destroy the farmer's immediate chance of relief?

I receive letters every week about the foreclosures of farm loans. I am called on all the way from my State by those who are losing all of their life savings. I want some immediate relief if we can get it. I do not think $400,000,000 is adequate, but it will start operations.

The debenture scheme would be second best to a system of financing in full by the Government.

So, Mr. President, it seems to me that we should do a wise thing and would take this issue out of politics if for the present we would eliminate the equalization fee and pass a bill which would be signed. Then we shall be able to ascertain if it does any good. In the end I think we shall have to take substantially the substitute I am offering here, which is substantially what the Senator from Nebraska offered several years ago, and substantially what the Senator from Oregon offered in his first bill. Therefore, Mr. President, I shall at this time vote to eliminate the equalization fee from the bill.

Mr. STECK. Mr. President, the amendment upon which we are about to vote, to strike out the equalization fee, is, so far as the farmers of Iowa and the Middle West are concerned, the most important question that the Senate will have to decide in the consideration of the pending bill. I believe that I speak the will and wishes of the farmers of that section and of Iowa when I say to the Senate that they do not desire to have the equalization fee eliminated. The farmers of Iowa, through their spokesmen, the farm organizations of that State, the Legislature of Iowa, and all other bodies which claim in any degree to represent them and have spoken on this subject, have said that they do not care for this bill unless it shall contain the equalization fee. I therefore hope that the pending amendment will be defeated.

The VICE PRESIDENT. The question is on the amendment of the Senator from Kentucky [Mr. SACKETT].

Mr. McNARY. Mr. President, I should hesitate further to discuss this subject if the pending amendment were not so important. The Senator from Kentucky [Mr. SACKETT] has proposed the elimination of the equalization fee, which goes to the heart of this entire proposal. I have never assumed that the Senator from Kentucky was particularly favorable to the legislation. Hence I think I may assume without any reflection on him to say that the amendment comes from an unfriendly source. I think the Senator from Kentucky was on the floor of the Senate last year and voted against the proposal. But, Mr. President, there is a great principle involved in the motion of the Senator from Kentucky to eliminate the equalization fee. We might as well meet the issue fairly, because this is the first opportunity we have had directly since this measure has been before Congress for our consideration in the past four years to do so.

I think everyone who is a student of farm problems, everybody who realizes the economic forces that have brought about the depression in agriculture, must realize that the surplus produced is what has brought the farmer to his present state, which has obtained since the summer of 1920. If we are all agreed upon that fundamental, it should not be difficult to apply a remedy. All have agreed upon that theory; at least, I have heard no Senator on this floor raise his voice in opposition to the statement that the surplus of production prevents the farmer from realizing the full benefit of the highly protected domestic market.

Mr. BROOKHART. Mr. President, will the Senator from Oregon yield for a question?

Mr. McNARY. I shall do so later. I always yield but at the proper time, if I may.

I may say, Mr. President, out of respect to the good faith of the Senator from Iowa, that his proposal proceeds upon the same theory that the farm problem is a surplus problem. Wherein do we differ? The Senator from Iowa proposes to fix a price for farm products based upon the cost of production to the farmer plus 5 per cent upon the capital invested. The pending bill proceeds upon the theory that the board will buy in the open market at a price exactly protected by the American tariff that is made available for industries. That is one departure.

The second departure is that the pending bill proposes that the farmer, through an equalization fee, shall carry his own load. The proposal of the Senator from Iowa proceeds upon the theory that the money shall come from the Treasury to absorb the losses incident to the handling of the surplus, whether it is by withholding for orderly marketing or for the purpose of purchase and sale abroad at the lower plane levels of foreign prices.

Mr. President, I do not think the proposer of this amendment or those who may support it, if they will reflect for a minute, will believe that they are acting kindly toward and to the benefit of the farmers of the country.

The farmer knows—and I think if there is any intelligent class in this country it is the farmer—if he comes to the Congress and asks for some substitute for this bill which shall provide that all the losses incident to the administration of the bill shall fall upon the taxpayers of the country that it will not be enduring and abiding legislation. The farmer knows, Mr. President, if we to-day eliminate the equalization fee, and the loss next year shall be $100,000,000 or in excess thereof, or even less than that, and he comes back the next year with a loss and asks the taxpayers generally, who are not interested in the great agricultural industry, to pay such loss that the benefit given to him by reason of the subtlety of the pending amendment will destroy his economic condition. He knows, Mr. President, that the purpose is not to be overgenerous to him. He is conscious of the fact that if the equalization fee shall be eliminated from this bill in only a year or two the rising tide of protest will be so great as to engulf him. He knows that the Congress through the years to come when he produces a surplus annually over and over again is not going to meet the losses due to such surplus out of the Treasury of the United States. He wants no present benefit without paying for it. He is not asking for or seeking a beneficence; he has never in his long career in this country asked for charity in any respect. The farmer, be it said to his credit, has always fought subsidies in every form. His voice has always been raised against those appeals that call for drafts upon the Treasury. He has fought every such effort made by any of our industries or institutions when they have been presented in the form of legislative proposals. He has fought to destroy and defeat everything that has been in the nature of a subsidy.

Now, why should those who pretend to be friends to the farmer, when there is not a farmer in the country who has asked for legislation of the kind proposed by the amendment of the Senator from Kentucky, say to him, "You must take this legislation; you must submit to having drafts made upon the Treasury of the United States." He only has one answer to that, Mr. President, and that is that the suggestion is not made in good faith.

Queer it is to me, indeed, that such a proposal should be made when, with almost a unanimity of action, sanctioned in meetings of farm organizations, of cooperative associations, of legislatures throughout the country, the farmers have asked simply for—what? Not for money, Mr. President. They do not want the taxpayers' money.

They merely want an opportunity to be placed on an equal footing with industry and labor, and that is the purpose and foundation and inspiration of this bill. They simply want the Congress in a legislative way to create for them an economic structure, and to provide the machinery whereby they may find their place of equality in the industrial life of America. They ask for that kindness and that interest upon the part of the Congress, but they do not ask for compensation; they are willing to pay the cost of it themselves.

That brings me to the equalization fee.

Mr. BRUCE. Mr. President, may I ask the Senator a question?

Mr. McNARY. I will ask the Senator please to permit me to proceed. I always try to be brief. I shall gladly yield to the Senator later.

Mr. BRUCE. The Senator's appeal to me is made in such an irresistible manner that there is nothing for me to do but to sit down.

Mr. McNARY. Some inquiring mind has suggested this afternoon what is the equalization fee.

> But knowledge to their eyes her ample page,
> Rich with the spoils of time, did ne'er unroll.

That applies to one of the distinguished literary Senators of this body. Anyone who understands the philosophy of economics, anyone who is a student of legislation understands, Mr. President, the purpose of the equalization fee; whence it comes, what it does, and where it goes. If a marketing agreement is entered into and the price of any farm commodity receives the full benefit designed to be accorded by the protective tariff to which it is entitled and which it will have, there are two agencies that can pay for it. One is the taxpayers indiscriminately and generally; the other is the beneficiaries of the legislation. That little exaction does not come out of the farmer as such. When he sells his product the equalization fee is withheld. He never receives it. He receives the larger benefit made possible by the withholding of the product, or its sale in foreign markets.

That is the equalization fee. It is paid for by the farmer himself. He is in exactly the same position as the manufacturer; and I am not here to protect the manufacturer, though I have not heard the voice of those who are here and who are charged with not paying an equalization fee; but any of us who have any knowledge of business conditions know that the manufacturer, when he sells his surplus products abroad, suffers a loss. He absorbs that loss; but if he were working in groups and in organizations together, side by side in great numbers, they perhaps would call it an equalization fee.

The farmer does not receive the full benefit. He receives more than the manufacturer, because he produces a surplus. That is the penalty of a surplus, my friends, and not a penalty inflicted upon this form of legislation.

Strange it is to me, my friends, when the farmers of the country have asked this machinery and are willing to pay for its operation, knowing that it is not a present-day remedy but a permanent one, fashioned to meet the farmer's economic needs, that anyone here should say to him, "You can not have this instrumentality. Even though you want it and are willing to pay for it, you can not have it." And yet that is the way you are dealing with the farmers to-day.

As chairman at the present time of the Committee on Agriculture and Forestry, and one who has been more or less in charge of this bill for a number of years, I say with knowledge that what I have stated can not be contradicted; that all the farm groups that have any organization whatsoever, outside of the National Grange, have espoused this cause, have clung to the equalization fee, have said it was the heart, the blood, the bone, the sinew, and the flesh of the legislation which they so much desired.

I have had experience in that line, Mr. President. Last year, in a frame of mind desirous of doing something for the farmers of the country; anxious, indeed, that this controversy might end; hoping that all differences might be composed between those who opposed the equalization fee and those who did not want any legislation and those who were satisfied with merely cooperative organizations and those who wanted a subsidy, I also conceived the idea of bringing about a compromise, and suggested a plan whereby the losses might be paid out of the Treasury of the United States. I found, to the glory of the farm organizations of the country, that unanimously all were opposed to it, and said, "We do not want any subsidy. We want to make our way through. We know what a subsidy would bring upon our heads. We are not asking for charity. We want to pay this in our own way."

Mr. President, I went further. I need not relate any experiences at the White House, as some have done. I read a few messages and published statements of the President of the United States, and if there is one thing he has said that has been emphatic it is, "I am opposed to any subsidies for the farmers of the country."

If there are those here—and there may be many—who are privileged to speak for the White House and the distinguished occupant thereof, I should like to have their observations at this point, and I pause.

Mr. NORBECK. Mr. President, the Senator from Iowa [Mr. BROOKHART] had some suggestions to offer as to what the White House might do in this matter. I suggest that he answer the Senator's inquiry.

Mr. BROOKHART. Mr. President——

Mr. McNARY. If the Senator please, I do not want any controversy. I shall yield at the proper time, and with graciousness, if I may.

The VICE PRESIDENT. The Senator from Oregon has the floor.

Mr. McNARY. So, Mr. President, we have come to this situation: You can take the measure and emasculate it, and make it look attractive to the unthinking individual or the individual who has not at heart the interest of the farmer permanently and vote this equalization fee out. If you do, my friends, I warn you, you will not be back here another year asking for an appropriation. That will be the finish of legislation for the farmer. Or you can give him what he wants, without any cost to the taxpayers of the country, and that is this bill.

Mr. President, there was some gossip some weeks ago about the attitude of the Corn Belt committee of 22, which comprises the representatives of the American Farm Bureau Federation, the Farmers' Union, and so forth, in 22 of the hog, corn, and wheat-growing States of the country.

It was said here in whispered terms last week that that organization was not whole-heartedly for this bill. Here is the last expression of the farmers in that section of the country—and it reaches into the South—who are in sore need, and responsible for this legislation. I ask unanimous consent that it may be read from the desk.

The VICE PRESIDENT. Without objection, the Secretary will read, as requested.

The Chief Clerk read as follows:

ST. PAUL, MINN., *April 4, 1928.*

HON. CHARLES L. McNARY,
United States Senate:

Corn Belt Federation meeting, held April 3, was attended by representatives from 23 of the affiliated organized groups composing the Corn Belt Federation. Two resolutions were passed unanimously by the federation, as follows:

Resolution 1: After a careful consideration of the Senate farm relief bill, the Corn Belt committee desires to state that it cordially approves of the general provisions of this measure, and trusts that it will be passed by an overwhelming vote. There are certain amendments which we hope may be made, whether in the Senate or the House, and a description of these amendments will be immediately supplied to the farm representatives in Washington.

Resolution 2: We strongly insist that article (b) of section 5, under the heading of "Loans," be stricken out. We feel that no loans should be made to any cooperative for the purpose of conducting membership campaigns, and that the provision above referred to discriminates against the voluntary type of organization as in favor of the contract type. We also earnestly recommend that equal provision be made to finance the operation of voluntary cooperatives with that made for contract organizations, and that the terms used in defining the character of acceptable security and method of repayment of loans by voluntary groups be made equally specific as in the case of contract cooperatives. The language of clause 2 and of lines 11 to 16, following article (c), on page 33, under the head "Loans," are clearly discriminatory against the voluntary type of organization.

A. W. RICKER.

Mr. McNARY. Mr. President, I only need observe that the amendments which have been suggested have been offered and will be approved by this body.

While it is perhaps not very important, a difference has arisen on the floor this afternoon as to the attitude of those who may speak for Iowa. I have the following telegram, which I send to the desk and ask unanimous consent to have read.

The VICE PRESIDENT. Without objection, the telegram will be read.

The Chief Clerk read as follows:

DES MOINES, IOWA, *March 15, 1928.*

Senator CHARLES L. MCNARY,
Chairman of Agricultural Committee, Washington, D. C.:

Senate Concurrent Resolution 9

Be it resolved by the General Assembly of the State of Iowa:

SECTION 1. That the Senate of the Forty-second General Assembly of Iowa convened in extra session, the House concurring, hereby memorialize the Congress of the United States to pass at this session effective agricultural surplus control legislation as embodied in the McNary bill in the Senate and the Haugen bill in the House, each containing the equalization fee.

SEC. 2. That a copy of this resolution shall be transmitted by wire to the President of the United States Senate and to the Speaker of the House of Representatives of the United States and to the chairman of the agricultural committees of each House of Congress.

Foregoing resolution adopted by the General Assembly of Iowa in special session March 14, 1928.

WALTER H. BEAM, *Secretary of Senate.*

Mr. MCNARY. Mr. President, just one word before I conclude.

A great effort was made by the committee and those truly representing agriculture to meet the various objections of the President. A sincere effort has been made by all the Members of this body to prepare a bill which perhaps will meet with the general accord of the farmers. I hope that the amendment offered by the Senator from Kentucky will not be adopted. If it is adopted, the work that has been done by the farm groups of the country, whether organized or unorganized, and those who have given much of their time and work in the Halls of Congress, will have been nullified.

In behalf of the farmers, as I believe I can speak at this time, I ask that they be permitted to work out or attempt to work out their own economic salvation under such a plan as has been devised and reported three times by the Senate Committee on Agriculture and Forestry of this body, passed once, and vetoed.

Mr. SIMMONS. Mr. President, I do not wish to make any speech, but I do wish to explain the vote that I propose to cast upon this question.

When I made the point of order a little while ago, I was under the impression—and I say this by way of apology to the Chair—that the amendment of the Senator from Alabama was to the section proposed to be stricken out. The fact had not been brought to my attention that it refers to another section of the bill; but I want to assure the Senator from Alabama and those who agree with him, and who therefore insist upon this amendment, that, so far as I am advised, there will be no trouble about the adoption of the amendment when it is reached in its regular order.

Mr. President, I have been convinced for some time that the farmers, except probably the cotton farmers of this country, were not in favor of this character of legislation unless there was some provision made by which they could properly and certainly to a large extent, if not altogether, control production. They have realized the fact that if they could not control production, the losses under a measure of this sort might be too great to be undertaken.

I do not believe, therefore, that it would be possible to secure the votes necessary to pass this bill in this body, at least, if the equalization fee were eliminated from it. I think the position taken by these western farmers that they did not want charity, but that they did want security against overproduction that might be ruinous to their industry, is a very commendable and reasonable position; and I do not at all complain of the persistence with which they insist upon the equalization fee.

The South is somewhat differently situated with respect to cotton. The South produces about twice as much cotton as the Nation consumes. A little more than one-half of all we produce is exported. The exportations of cotton are greater than the exportations of all other agricultural products in this country combined. Our proposition is a proposition purely of taking care of the surplus in case of a year when the crop far exceeds the world's demands upon us for this essential product.

I know that there are Senators here who object to an equalization fee being placed upon cotton. I know there are Senators here who are perfectly willing that the Government shall appropriate a revolving fund, to be advanced to the cotton farmers of the South to help them control the surplus. They know that unless they can control the surplus in a year of overproduction, the price of cotton will fall below the cost of production. They know that it must in some way or other be controlled.

We have attempted to control it to some extent through the organization of cooperative associations, but that scheme has not worked any very great practical benefit in the direction of the solution of this problem, so many farmers remaining out of the cooperative associations, and while the cotton the associations withdraw from the market helps to boost up the price, if there is a loss those few farmers who belong to the association have to pay it.

It is suggested now by the Senator who makes this motion that we strike out the equalization fee, and let the revolving fund of $400,000,000 remain. Under the bill, cotton would get probably $150,000,000 of that, because it is apportioned upon the ratable basis of the exportable surpluses of the several products, and our exportable surplus is so large in comparison to those of other products that cotton would probably get somewhere between $125,000,000 and $150,000,000 from that fund.

It is proposed to let this remain in the bill, and strike out the equalization fee. Who is going to get that $125,000,000? How are they going to get it? Is the Government going to give it to the cotton farmers? Not at all. The Senator from Iowa [Mr. BROOKHART] has said that we loaned the railroads some six or seven hundred million dollars. I think we did. It was some very large amount; I do not remember the exact sum. But we required the railroads, when we let them have that money, to give the Government good and sufficient security for its repayment.

Mr. BROOKHART. Mr. President——

The PRESIDING OFFICER (Mr. ROBINSON of Indiana in the chair). Does the Senator from North Carolina yield to the Senator from Iowa?

Mr. SIMMONS. I yield.

Mr. BROOKHART. On that proposition, we voted in the Esch-Cummins bill a subsidy.

Mr. SIMMONS. I am not talking about a subsidy. I am talking about this bill. I am just trying to get away from the idea of subsidy. I am trying to impress upon the Senate that the South does not want a subsidy, and the South knows it is not going to get a subsidy. The railroads did not get a subsidy when we loaned them that money. They gave security to return that money, and they have returned most of it to the Treasury.

Mr. BROOKHART. Mr. President——

Mr. SIMMONS. If the Senator will pardon me, I refuse to yield until I finish this thought.

Mr. BROOKHART. I wanted to——

Mr. SIMMONS. I am not going to yield until I finish this thought, and then I will yield.

We loaned the money to them upon good and sufficient security, and only upon those conditions. We have never proposed to lend the farmers of the South any money under any other conditions, and if this equalization fee is stricken out, there is no chance of this bill passing this body unless we provide that the money advanced to the farmers out of the revolving fund shall be secured, and amply secured.

Who is to secure it? It is to be loaned, if loaned at all, to cooperative associations or farmers' organizations. The cooperative associations of farmers' organizations probably will in most of the States be composed of a minority of the farmers. If they borrow that money, and borrow it upon good and sufficient security, whether by pledging the cotton itself, or giving outside security for it, and there is a loss in this effort of theirs to prize up the price of cotton, the few members who belong to the cooperative associations will have to pay entirely any loss sustained, although the operation is for the benefit of all the cotton farmers in the South.

We will not get any money without security in that event. It will be seen, as soon as the equalization fee is stricken out, that there will be an insistence here that the money advanced to the cotton farmer out of the revolving fund shall be secured in the way I have suggested, and that the losses, if any, shall be paid by the minority of farmers who go into the cooperative associations and farm organizations.

That is what the cooperative associations have been doing. They have been borrowing money to help support and advance the price of cotton, and have been buying in the cotton. They have sustained very heavy losses in some instances. The farmers who are not members have benefited without sustaining any loss whatever.

This proposition in the bill with the equalization fee retained is that $125,000,000, we will say, of the revolving fund is to be loaned to the cooperative associations and farmers' organiza-

tions for the purpose of enabling them to withdraw a sufficient amount of cotton from the market to stabilize the price of cotton. It will have that effect. If I had two hundred or two hundred and fifty million dollars to-day—and with $125,000,000 I could borrow more money—if I had that much money in my hand and could go upon the market and announce my purpose to buy in two or three hundred million dollars worth of cotton, and store it, and withdraw it from the market until the price went up, I have no question in the world that the price of cotton to-morrow would be advanced to 25 cents.

It was for this reason that Secretary Jardine said, when we were discussing the first bill on the subject, that cotton was the one product involved in the measure which would sustain no loss by reason of the imposition of an equalization fee, and it will not sustain any loss, because the cotton farmers of the South will be enabled to withdraw from the market enough to stabilize the market, enough to put the price of cotton up. They will start out in the beginning buying at a certain price. As they buy the price will advance, and finally the price will reach a point of parity with domestic prices of other products, and instead of losing, they will gain, they will make money, as any private speculator can make money who is able to withdraw a sufficient quantity of cotton from the market. He will not lose in the transaction. All he has to do is to gauge the amount necessary to be withdrawn for the purpose of advancing the price.

We have a committee now considering the cotton question, and they have evidence that where certain speculators have dumped a great quantity of cotton, pooled for the purpose of breaking the market, the mere dumping that cotton upon the market suddenly resulted in a substantial fall in the price. I will ask the Senator from South Carolina if that has not been shown in the testimony the committee is taking?

The proposition can be reversed, and if you will buy in enough, you raise the price; and if you raise the price by this process, how is the farmer going to lose by reason of the equalization fee? But it is said, let them all go into a cooperative association, put all the cotton of the country in a cooperative association, and let the cooperatives sell it, and let them withdraw as much as they please from the market for the purpose of stabilizing the market. Suppose the equalization fee should be stricken out and all the farmers should join the cooperative associations. Even in that case, I have no doubt that the cost to the individual farmer arising from assessments to pay the cost of organization, insurance, storage, and marketing through those associations, no part of which could ever be recovered, would be fully equal, if not in excess of any equalization fee that will ever be imposed on him under the pending bill.

Mr. President, I am not unpatriotic enough to ask a bounty. I am perfectly willing that cotton should receive equal treatment with other agricultural products. I am saying that cotton is in such a situation that it does not endanger any cotton producer, however small a farmer he is, if he goes in and subjects himself to this equalization fee; because in the end, as Mr. Jardine said, he will not lose; on the contrary, he will almost certainly gain.

It is impossible to get all the farmers into a cooperative association. We never could get more than 15 or 20 per cent in our State under the most intensive drives in favor of the cooperative system. The Senator from South Carolina, one of the best-informed and most eloquent and effective stump speakers in this country, came to my State representing the cooperatives and canvassed a portion of the State in behalf of membership in such an association, but even with his efforts and the efforts of a number of other able gentlemen canvassing the State, appealing to the farmers, they never succeeded in getting more than 20 per cent of the farmers in the cooperative associations, and there are not 10 per cent of them in them now.

This bill provides that instead of the small number of farmers who go into the cooperative associations in the vain hope of withdrawing enough cotton to advance the price of it and having to bear the whole burden themselves, which is in itself a large burden, that every cotton farmer shall participate in that burden, and every farmer producing the commodity shall participate in the benefits.

Mr. President, I do not think the southern farmers will object to that.

If the commodity is brought under the bill, as now drawn, it will be with the consent of the producers, and if the producers should become dissatisfied, they can withdraw their commodity from the operation of the act. They can get out of the system if they wish to do so.

Mr. HARRIS. Mr. President, will the Senator yield?

Mr. SIMMONS. I yield.

Mr. HARRIS. The Senator from Arkansas [Mr. CARAWAY] said to-day that this would force all cotton to be sold through this plan and that the equalization fee would apply. I was interested in the Senator's statement that it was left to those only who wished to go into it. That is a very important matter, on which I am anxious to get light.

Mr. SIMMONS. But I was not discussing that question. I was discussing the matter of bringing a commodity under the operation of the act and of withdrawing it if the producers should later wish to do so, all of which would have to be done by the consent of the council selected by those producers. And I was showing that contrary to the existing situation where the minority of farmers who belong to the farmers' organizations have to carry all the burden for the benefit of all, under this bill while loans are made to the farmers' organizations, such organizations invest that money in the way provided in the bill for the benefit of all, and if there is any resulting loss, then all the farmers who raise cotton contribute to that loss, as well as share in the gains and benefits of the operation.

Mr. BROOKHART. Mr. President, the Senator from North Carolina, unintentionally of course, misquoted my statement in reference to the railroad proposition. He said that I claimed some $600,000,000 was paid to the railroads and that that was a loan which the railroads must secure and pay back. I did not refer to the loans made to the railroads at all. Loans were made in addition to the item that I mentioned. I want to make it clear now what I was talking about. I want there to be no misunderstanding.

Under section 209 of the transportation act as amended by section 212 a guaranty was given to the railroads of the war-time profits for the first six months after they were turned back, and that is the subsidy about which I was talking. On March 31 I received the following letter from the secretary of the Interstate Commerce Commission:

INTERSTATE COMMERCE COMMISSION,
OFFICE OF THE SECRETARY,
Washington, March 31, 1928.

Hon. SMITH W. BROOKHART,
United States Senate, Washington, D. C.

MY DEAR SIR: As requested by telephone this morning, the following is a statement with respect to section 209 of the transportation act, 1920, as amended by section 212—guaranty to carriers after termination of Federal control:

(1) Number of carriers accepting the guaranty	667
(2) Total amount claimed by carriers	$680,077,801.30
(3) Number of cases dismissed to date	137
(4) Number of cases settled to date	521
(5) Amount certified in cases which have been settled, including advances and partial payments	$528,876,411.51
(6) Amount certified as advances or partial payments in cases not settled	$402,500.00
(7) Total amount certified	$529,278,911.51
(8) Number of cases remaining unsettled	9
(9) Balance estimated as being payable under guaranty	$250,000.00

This statement is as of February 29, 1928. You will note that the total amount that has been certified to the Secretary of Treasury under this section, as amended, is $529,278,911.51, and the estimated balance due is $250,000.

Respectfully,

G. B. MCGINTY, *Secretary.*

Mr. President, that money was paid as a direct subsidy to guarantee the war-time profits of the railroads after they were turned back in 1920. That burden was put in part upon the farmers of the United States. The burden of a protective tariff and advanced prices is also by law put upon the farmers of the United States. A burden of high interest rates, by a banking system created by a law of the Nation, and a burden of deflation by a board appointed by the President and confirmed by the Senate of the United States, were put by law upon the farmers of the United States. A burden is put upon the farmers by law in paying the high rates of return to the public utilities, no court deciding less than 7 per cent, although the American people are only producing 5½ per cent.

After a record of subsidies like that it is not a question of subsidy but it is a question of doing equal justice to the farmers. That is the proposition for which I stand. I know that the farmers of my State are behind that proposition, for I have seen more of them than all the other leaders of every kind in the State. I know what they think about it, because I have talked to them about it. I shall go back and explain to them what has been done here. I shall tell them the inside of the situation. They are not going to be fooled by this talk that the farmers do not want a charity. It is not a charity. It is justice. It is the equality to which they are entitled. We should give them out of the Treasury of the United States, in the first instance, the money to start this institution.

I do not object to the equalization fee. I have said that I believe it is constitutional, although many of the lawyers hold the other way. I shall vote for the equalization fee if we may give the farmers the other item of justice ahead of it to which they are justly entitled. But I say we have no right to run away from the proposition and say we have done all that the farmers are entitled to have done for them. It is not fair to the farmers.

On that basis, if we start this institution at Government expense as we started the railroads, we will find out how it works, we will know something about the equalization fee then or the excise tax, which would be the same thing if the court holds the equalization fee unconstitutional.

Mr. McMASTER. Mr. President——

The PRESIDING OFFICER (Mr. ROBINSON of Indiana in the chair). Does the Senator from Iowa yield to the Senator from South Dakota?

Mr. BROOKHART. I yield.

Mr. McMASTER. Every word the Senator from Iowa has uttered about subsidies is true. I think there is no doubt about what the Congress should do for the farmer so far as appropriations are concerned in the way of restitution for the almost criminal wrongs that have been inflicted upon the agricultural class. However, the distinguished Senator from Iowa a short time ago stated that the President would sign a bill containing what is known as a subsidy, but would not sign a bill containing the equalization fee.

Mr. BROOKHART. The President has declared against subsidies, too, but this bill as it stands now, as I understand it, has in it what the President would not call a subsidy. It is a loan. It is a subsidy so far as that is concerned. The President would not sign my bill. I do not claim that.

Mr. McMASTER. That is the point I am trying to get at.

Mr. BROOKHART. I do not claim that.

Mr. McMASTER. Then, if we vote for the Senator's substitute this afternoon, we simply vote for it as a protest in the name of agriculture, but knowing that we accomplish nothing definite so far as the farmer is concerned.

Mr. BROOKHART. That is true. If we vote for the other bill, we do just the same thing, only we do not protest for agriculture anything like as strong as the protest that it is entitled to have.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. BROOKHART. I yield.

Mr. BARKLEY. If the President is going to veto either sort of bill we send up to him, why not send one the farmers want instead of sending one they do not want?

Mr. BROOKHART. I can not agree with the conclusion either that this is what the farmers want. I should not call it "my" bill. It is more the bill of the Senator from Nebraska [Mr. HOWELL] than it is mine. I copied most of it out of his bill. It is more the bill of the Senator from Oregon [Mr. McNARY] than it is mine. I copied almost exactly what was provided in the original McNary bill. It is not my bill. It is a bill expressing what I think to be the rights of the farmer. If both of the bills are going to be vetoed, I would like to go back and be able to say to my farmers that I made a fight for all they are entitled to have. I do not want to go back and say to them that I compromised it all the way but a little at the end, and then got that much vetoed. That is the situation which exists here now.

SEVERAL SENATORS. Vote! Vote!

Mr. SIMMONS. Mr. President, I wish to make a brief reply to the Senator's remarks which were directed to me, and I am going to say this, whether we get a vote or not.

The Senator knows that I had no reference whatever to the Esch-Cummins law and the bounty which that act bestowed upon the railroads. I am as much opposed to that as is the Senator, and I would like to see it repealed. I had no reference either to the matter of the tariff. I know some of the tariff exactions upon the people are mere bounties to the great manufacturers and producers in the country. I was referring simply to cases where the Government had provided for the loan of money or the advancement of money, and the Government has never yet, since the war, directly advanced money out of the Treasury without requiring security. It required a security when we loaned the railroads the large sums of money about which the Senator spoke the other day, to enable them to stabilize the transportation service of the Nation. I am not justifying it at all. It was done, but it was done only upon the railroads giving what might be called bankable security for it.

The Government also provided a farm-loan bank to loan to farmers, but it required the farmers to give good and sufficient security for the money. The Government also provided an intermediate system of farm loans for the purpose of taking care of the crops of the farmers. It required that that money should be loaned upon ample security, and "ample security" has been construed to be securities worth twice as much as the amount of money advanced.

I meant that I did not believe in this instance, if the equalization fee were stricken out, that it would be likely that we could get the bill either through this body or the other body, or if we should get it through both bodies, that it would be approved at the White House, if we join in agreeing to advance so much of this revolving fund to the agricultural interests of the country, or if we do not provide security to indemnify the Government against loss in that case just as in the case of the railroads. I am not opposed to any legislation which the Congress may enact to benefit the farmer. I want all of that that we can get. He needs it. But when it comes to advancing money directly to him, I do not believe the Government is going to do it without requiring him to return that money.

Mr. BROOKHART. I think the trouble is that we have made no fight for the farmers' rights on that proposition. We have surrendered them and let them go, while we have talked loans or revolving funds and then quit.

Mr. SIMMONS. The passage of this bill should not interfere with the Senator in making the fight.

Mr. BROOKHART. No; it will not. I do not intend to quit this fight until it is won.

The PRESIDING OFFICER. The question is on agreeing to the amendment submitted by the senator from Kentucky [Mr. SACKETT] to strike out section 8, the equalization fee provision, on which the yeas and nays have been ordered.

The Chief Clerk proceeded to call the roll.

Mr. FESS (when his name was called). I am paired with the senior Senator from Arkansas [Mr. ROBINSON], but I transfer that pair to the senior Senator from Utah [Mr. SMOOT] and will vote. I vote "yea."

Mr. NORRIS (when Mr. HOWELL's name was called). My colleague the junior Senator from Nebraska [Mr. HOWELL] is detained from the Senate on account of sickness in his family. If he were present, on this question he would vote "nay." My colleague is paired with the junior Senator from Utah [Mr. KING].

Mr. McKELLAR (when Mr. NEELY's name was called). The senior Senator from West Virginia [Mr. NEELY] is unavoidably absent. If present, he would vote "nay." He is paired with the Senator from Montana [Mr. WALSH].

Mr. McNARY (when Mr. STEIWER's name was called). My colleague the junior Senator from Oregon [Mr. STEIWER] has a pair with the Senator from New Jersey [Mr. EDGE]. If my colleague were present, he would vote "nay," and if the Senator from New Jersey were present he would vote "yea."

The roll call was concluded.

Mr. PHIPPS. On this vote I am paired with the junior Senator from Georgia [Mr. GEORGE]. I am informed, however, that if the Senator from Georgia were present he would vote for the amendment. Therefore I am at liberty to vote. I vote "yea."

Mr. STEPHENS. On this vote I am paired with the Senator from Maine [Mr. GOULD]. Not knowing how he would vote if present, I withhold my vote. If permitted to vote, I should vote "yea."

Mr. JONES. I desire to announce the following pairs on the pending question:

The senior Senator from Massachusetts [Mr. GILLETT] with the junior Senator from Florida [Mr. TRAMMELL]; and

The senior Senator from Missouri [Mr. REED] with the junior Senator from Delaware [Mr. DU PONT].

The result was announced—yeas 31, nays 46, as follows:

YEAS—31

Bayard	Dale	Harris	Sackett
Bingham	Edwards	Heflin	Shortridge
Black	Fess	Keyes	Swanson
Blaine	Gerry	McLean	Tydings
Blease	Glass	Metcalf	Walsh, Mass.
Borah	Goff	Overman	Warren
Brookhart	Greene	Phipps	Waterman
Bruce	Hale	Reed, Pa.	

NAYS—46

Ashurst	Frazier	Mayfield	Shipstead
Barkley	Gooding	Moses	Simmons
Broussard	Harrison	Norbeck	Smith
Capper	Hawes	Norris	Steck
Caraway	Hayden	Nye	Thomas
Copeland	Johnson	Oddie	Tyson
Couzens	Jones	Pine	Vandenberg
Curtis	Kendrick	Pittman	Wagner
Cutting	La Follette	Ransdell	Watson
Deneen	McKellar	Robinson, Ind.	Wheeler
Dill	McMaster	Schall	
Fletcher	McNary	Sheppard	

NOT VOTING—16

Bratton	Gillett	Neely	Steiwer
du Pont	Gould	Reed, Mo.	Stephens
Edge	Howell	Robinson, Ark.	Trammell
George	King	Smoot	Walsh, Mont.

So Mr. SACKETT's amendment was rejected.

Mr. McKELLAR. I offer an amendment which I ask the clerk to read. I should state that amendment has been agreed upon after the debate of to-day.

Mr. President, I also ask unanimous consent to withdraw the two amendments relative to the constitution of the advisory council, the one offered by myself and the one offered by the junior Senator from Arkansas [Mr. CARAWAY], and to offer the amendment which I now send to the desk in lieu thereof.

Mr. BLAINE. Mr. President, I rise to a question of order. Is not the amendment which has been proposed by the senior Senator from Alabama [Mr. HEFLIN] in order?

The VICE PRESIDENT. The clerk informs the Chair that the amendment offered by the Senator from Alabama was not in order at the time it was submitted.

Mr. BLAINE. Does the Senator from Alabama renew the amendment?

Mr. HEFLIN. I shall renew the amendment later, Mr. President.

Mr. McKELLAR. I hope the Senator from Alabama will permit the amendment which I have offered to be voted on, as it has apparently been agreed to.

The VICE PRESIDENT. Is there objection to the withdrawal of the amendment of the Senator from Tennessee and the amendment to it offered by the Senator from Arkansas [Mr. CARAWAY]? The Chair hears none, and it is so ordered. The clerk will now report the amendment submitted by the Senator from Tennessee.

The CHIEF CLERK. On page 5 it is proposed to strike out line 17 and down through the period in line 1 on page 6 and insert in lieu thereof the following:

SEC. 4. (a) Whenever the board is organized or whenever it determines that any agricultural commodity may thereafter require stabilization by the board through marketing agreements authorized by this act, or whenever the cooperative associations, or other organizations representative of the producers of the commodity, shall apply to the board for the creation and appointment of an advisory council for such commodity then the board shall at once proceed to constitute an advisory council.

An advisory council to represent each of the commodities affected under the provisions of this act shall be selected as follows: Within 30 days after the board herein provided for shall be appointed and organized the board shall cause to be sent to each cooperative association or other organization representative of the commodity a notice that, among other things, they shall nominate not more than seven persons to be members of the advisory council. Within 30 days after such notice each association or other farm organization representative of such commodity shall file with the board the name or names of its nominees. Within 10 days thereafter the board shall certify down to such cooperative associations or other organizations a list of such nominees, stating by which association and from which State they were nominated. Within 30 days thereafter such cooperative associations or other organizations representative of such commodity shall vote for not more than seven of said nominees so certified to be members of the advisory council, and forward their votes to the board at Washington. Within 20 days thereafter the board shall tabulate the votes, and the seven names receiving the highest number of votes shall constitute the advisory council for such commodity for a period of 12 months thereafter or until their successors shall be elected and shall qualify. Vacancies on the council shall be filled in like manner. No cooperative association or other organization shall have more than one vote, but may vote for seven nominees. Within 30 days after said council shall be elected it shall organize by selecting one of its members to be chairman and another secretary.

SEVERAL SENATORS. Vote!

Mr. CURTIS. Mr. President, I do not object to a vote on the amendment, but I desire to ask for a unanimous consent agreement when the vote shall have been taken.

Mr. McKELLAR. I ask that a vote may be taken on this amendment, as it appears to be satisfactory.

The VICE PRESIDENT. The question is on the amendment submitted by the Senator from Tennessee [Mr. McKELLAR].

The amendment was agreed to.

Mr. CURTIS. I ask unanimous consent that the debate be limited on the bill and all amendments proposed thereto to 10 minutes to each Senator.

Mr. SHORTRIDGE. I object.

The VICE PRESIDENT. Objection is made.

Mr. SHIPSTEAD. Mr. President——

Mr. HEFLIN. Before the Senator from Minnesota takes up his amendment, I desire to say that we were about to reach an agreement on an amendment that I offered on page 13, at the end of line 18, before the word "agencies," to insert the word "farm"; and at the end of line 20, before the word "agencies," to insert "farm." If agreed to, the amendment would confine the activities of the board to farmers, putting the handling of the fund, and all that, in the hands of the farmers. That is the purpose of the amendment.

The VICE PRESIDENT. The amendment proposed by the Senator from Alabama will be stated.

The CHIEF CLERK. On page 12 of the original print, line 25, before the word "agencies," it is proposed to insert the word "farm," so that it will read "agreement with other farm agencies"; and on page 13, line 1, following the word "other," to insert the word "farm," so that it will read "between such other farm agencies."

The VICE PRESIDENT. The question is on the amendment of the Senator from Alabama.

The amendment was agreed to.

Mr. SHIPSTEAD. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. Using the original bill, on page 7, line 25, and page 8, line 1, strike out " members' marketing contracts or by others."

On page 8, lines 7 to 10, strike out "to furnish funds to the association for necessary expenditures in federating, consolidating, merging, or extending the membership of cooperative associations, or (C)."

On page 8, lines 17 and 18, strike out "delivered to the association under its members' marketing contracts" and insert in lieu thereof "handled by the association."

The VICE PRESIDENT. The question is on the amendment of the Senator from Minnesota. [Putting the question.] The Chair is in doubt.

Mr. LA FOLLETTE. I call for a division.

Mr. SHIPSTEAD. Let us have the yeas and nays.

The VICE PRESIDENT. The yeas and nays are demanded.

Mr. McNARY. I do not think the demand has been seconded.

Mr. HEFLIN. What is the amendment?

The VICE PRESIDENT. It is the amendment of the Senator from Minnesota [Mr. SHIPSTEAD].

Mr. HEFLIN. But what is it?

Mr. SHIPSTEAD. Mr. President, this amendment merely removes a discriminatory feature in the bill as between contract cooperatives and voluntary cooperatives. It puts them on an equal basis. It is an amendment asked for by all of the cooperative organizations, in fact, all farm organizations; and it is at their request that this amendment is presented to the Senate.

Mr. McNARY. Mr. President, if I may add just one word, this amendment was contained in a telegram I had read a few moments ago, stating the action of a recent meeting in St. Paul, Minn. As far as I am concerned, I am willing to accept the amendment.

Mr. SHEPPARD. I call for a division.

SEVERAL SENATORS. Let the amendment be stated.

The VICE PRESIDENT. The Secretary will restate the amendment.

The amendment was restated.

The VICE PRESIDENT. The question is on the amendment of the Senator from Minnesota.

The amendment was agreed to.

Mr. BROOKHART. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. In section 24, after line 6, it is proposed to add the following:

That losses may occur from the export of agricultural commodities sold in the world markets at a lower price than the basic price of purchase herein provided, together with the expenses of exportation. Such losses shall be paid from the United States Treasury until they reach the total sum of $600,000,000, which is deemed to be equal to the subsidy paid the railroads the first six months after they were turned back to private ownership under the transportation act, plus the profits to the Government in the wheat corporation during the World War. Thereafter they shall be paid by an equalization fee or excise tax as Congress may determine.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Iowa.

The amendment was rejected.

Mr. BROOKHART. Mr. President, I offer another amendment, which I send to the desk and ask to have stated.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 12, line 2, it is proposed to strike out all after the word "therefor" down to and including line 7 and to insert in lieu thereof the following:

SEC. 9. The Department of Agriculture shall determine the average cost of production to farmers of each agricultural commodity having an exportable surplus for the five preceding years, and also the financial investment therein, using the official census data as far as possible, and report the same to this cooperative as the price basis for the current year. The items of cost shall be estimated upon the same principles as in the manufacturing industry, and considering the individual farm as a business unit, and determined on its individual production, including a fair compensation to farm owners for management and labor of themselves and families, together with proper allowances for depreciation of soil, improvements, equipment, stock-breeding animals, work animals, and buildings. The cooperative shall then offer to the farmers a price equal to this average cost of production plus enough profit to yield 5 per cent upon the capital investment. The cooperative shall also have the right to buy and sell agricultural food products in processed form when such processing is necessary for preservation, but only when the parties so processing them have paid to the farmers the basic price above indicated and have added thereto only enough for a net profit of 5 per cent upon their own investment. The board of directors shall establish an efficient agency to determine compliance with this last provision.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Iowa.

The amendment was rejected.

Mr. KENDRICK. Mr. President, I desire to offer an amendment. On page 26, line 21, after the word "vegetable," I move to strike out the period and insert the words "beef or beef product."

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 26 of the original bill, line 21, after the amendment heretofore agreed to, after the word "vegetable," it is proposed to insert "beef or beef product."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Wyoming.

The amendment was agreed to.

Mr. MCKELLAR. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 24 of the original bill, line 1, after the numerals "$250,000,000," it is proposed to insert the following proviso:

Provided, At least that $200,000,000 of said revolving fund is hereby made available and shall be used as a stabilization fund for financing the purchase, withholding, or the disposal of agricultural products in the event that a marketing period shall be declared for one or more of such products as hereinbefore authorized, and that said fund shall be allocated ratably to the stabilization funds of the several products according to the values of their respective exportable surpluses.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Tennessee.

The amendment was agreed to.

Mr. BLEASE. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. It is proposed to add, at the end of the bill, the following:

That Mr. MCNARY be chairman and Mr. BROOKHART secretary of the board.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from South Carolina.

The amendment was rejected.

Mr. BROOKHART. Mr. President, I desire to offer an amendment in the nature of a substitute. Since the substitute has been printed I think it need not be read. There is one correction suggested by the Comptroller General that goes with it that might be read.

The VICE PRESIDENT. Without objection, the reading of the amendment will be dispensed with, except for the modification referred to.

The CHIEF CLERK. The modification is as follows:

SEC. 25. All financial transactions of the board, cooperative and Federal farm operating boards shall be audited by the General Accounting Office, at such times and in such manner as the Comptroller General of the United States may prescribe. He shall also prescribe the accounting forms and procedures for such transactions.

It is also proposed to renumber sections 25 to 30, and make such sections 26 to 31, respectively.

Mr. BROOKHART'S amendment, in the nature of a substitute, is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

That this act may be cited as the "Farmers' Export Cooperative Act of 1928."

DEFINITION

SECTION 1. As used in this act—

The term "agricultural products" means agricultural, horticultural, viticultural, and dairy products, livestock, and products thereof, the products of poultry and bee raising, the edible products of forestry, and any and all products raised or produced on farms and processed or manufactured products thereof, transported or intended to be transported in interstate or foreign commerce.

SEC. 2. That three persons (who shall be the directors first appointed as hereinafter provided) are hereby created a body corporate and politic in deed and in law, by the name, style, and title of the farmers' national export cooperative, hereinafter called "the cooperative," and the directorate are designated as "the board."

SEC. 3. The capital stock of the cooperative shall be $250,000,000, all of which shall be in the first instance subscribed by the United States of America, and such subscriptions shall be called upon the vote of the majority of the directors of the cooperative at such time or times as may be deemed advisable. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $250,000,000, also so much thereof as may be necessary for the purpose of making payment upon such subscription when and as called. Receipts for payment by the United States of America for or on account of such stock shall be issued by the cooperative to the Secretary of the Treasury and shall be evidence of stock ownership.

SEC. 4. The management of the cooperative shall be vested in a board of directors consisting of three persons to be appointed by the Secretary of Agriculture, one of whom shall be nominated by the American Farm Bureau Federation, one by the Farmers Educational and Cooperative Union of America, and one by the National Grange and Patrons of Husbandry. The first appointments shall be for two, four, and six years, respectively, and these lengths of terms shall be determined by lot, and thereafter their successors shall be appointed for a term of six years. Each of the directors appointed as herein provided shall devote his time to the business of the cooperative. Before entering upon his duties, each of the directors so appointed and each officer shall take an oath faithfully to discharge the duties of his office. Vacancies shall be filled in the same manner as original appointments except that a person appointed shall be appointed for the unexpired term of the member he succeeds. Two members of the board of directors shall constitute a quorum for the transaction of business.

SEC. 5. That the three directors of the cooperative shall each receive annual salaries, payable monthly, of $10,000. No director shall receive any other salary or compensation or be otherwise in the employ of the United States or of any State or private corporation or person.

SEC. 6. That the principal office of the cooperative shall be located in the District of Columbia. Agencies or branch offices may be established under rules and regulations prescribed by the board of directors.

SEC. 7. The cooperative shall be empowered and authorized to adopt, alter, and use a corporate seal which shall be judicially noticed; to make contracts; to purchase or lease and hold or to dispose of such real estate as may be necessary for the prosecution of its business; to sue and be sued; to complain and defend in any court of competent jurisdiction, State or Federal; may make such regulations as are necessary to execute the functions vested in it by this act; to appoint by its board of directors, and fix the compensation of such officers, employees, attorneys, and agents as are necessary for the transaction of the business of the cooperative; to define their duties and require bonds of them and fix the penalties therefor; to dismiss at pleasure such officers, employees, attorneys, and agents, subject to the provisions of the civil service laws, and make such expenditures (including expenditures for rent and personal services at the seat of government and elsewhere, for law books, periodicals and books of reference, and for printing and binding) as may be necessary for the execution of the functions vested in the cooperative and as may be provided for by the Congress from time to time. All expenditures of the cooperative shall be allowed and paid upon the presentation of itemized vouchers therefor approved by the chairman; and to prescribe, amend, and repeal, by its board of directors, subject to the approval of the Secretary of Agriculture, by-laws regulating the manner in which its general business may be conducted, and the rights, privileges, and powers granted to it by law may be exercised and enjoyed and it may prescribe the powers and duties of its officers and agents, except as herein otherwise specifically provided.

The general purpose and business of the cooperative shall be to purchase from the farmers of the United States enough of agricultural products to include the entire exportable surplus and so much for interstate commerce as the board may determine, and to pay therefor the average cost of production plus a margin of profit sufficient to yield 5 per cent per annum upon the farmers' capital investment; also to

process and to store and to market said products and to export such as can not be marketed in the United States.

(1) To keep continuously advised upon agricultural, commercial, financial, and legal matters which, in the opinion of the cooperative, affect interstate or foreign commerce in agricultural products or derivatives or fabrications thereof.

(2) Upon its own initiative or upon petition of any cooperative marketing association, to call into conference cooperative marketing associations engaged in the handling of the same commodity or commodities with a view to assisting in the organization by such cooperative associations of a national or regional duly incorporated cooperative marketing association, to act as the common marketing agent of such cooperative associations, in the interest of the producers of such commodity or commodities.

(3) Upon petition of any cooperative marketing association handling a surplus commodity to confer and advise with such association with respect to—

(a) The disposition and marketing of such commodity, including agricultural, commercial, financial, and legal matters which, in the opinion of the cooperative, affect interstate or foreign commerce in such commodity.

(b) The holding of conferences between such association and one or more other cooperative marketing associations handling such commodity, or nonmember producers of such commodity upon the production of such commodity during the ensuing 12 months in order to secure the volume of production required in the public interest.

(c) The negotiation of agreements between such association and one or more other cooperative marketing associations handling such commodity, and between such association or associations and nonmember producers of such commodity providing for the establishment of pools, exchanges, special funds, or other cooperative undertakings in prevention or disposition of a surplus of such commodity.

(4) To make loans to any cooperative marketing association, or to any cooperative association created by two or more of such cooperative marketing associations to act as a common agent in marketing any agricultural commodity. Such loans may be either secured or unsecured and may be made to assist in the orderly marketing of the products of such associations or for the acquirement of properties and facilities, or for both, or for any purpose not in conflict with the intent and purposes of this act, and upon such terms and conditions as the cooperative may prescribe, subject to the following conditions and limitations:

(a) In the making of loans the cooperative shall exercise care and diligence to satisfy itself that there is a reasonable prospect of repayment.

(b) That in case other or additional provisions for payment are not prescribed by the cooperative, any association receiving a loan shall provide for the payment thereof, including interest thereon, in a manner approved by the cooperative, during a period not exceeding 33 years.

(c) That any association receiving a loan shall submit such reports of its transactions and audits of its accounts as the cooperative shall prescribe, but such information shall not be disclosed by the cooperative or any member or employee thereof except upon a demand of Congress or an order of a court of competent jurisdiction.

(d) Any cooperative association procuring a loan as herein provided shall subscribe for capital stock in the said cooperative to the amount of 5 per cent of such loan, as provided in section 19.

SEC. 8. That the cooperative shall be empowered and authorized to issue and have outstanding at any time its bonds in amount aggregating not more than five times its paid-in capital, such bonds to mature not less than one year and not more than five years from the respective date of issue and to bear such rate or rates of interest as may be reasonable before maturity, at the option of the cooperative, as may be determined by the board of directors. Such bonds shall have a first and paramount floating charge on all assets of the cooperative, and the cooperative shall not at any time mortgage or pledge any of its assets, and the Government of the United States shall be liable for said bonds. Such bonds may be issued at not less than par in payment of any obligation authorized by this act or may be offered for sale publicly to any person at such price or prices as the board of directors may determine, subject to the approval of the Secretary of Agriculture.

SEC. 9. The Department of Agriculture shall determine the average cost of production to farmers of each agricultural commodity having an exportable surplus, for the five preceding years, and also the financial investment therein, using the official census data as far as possible, and report the same to this cooperative as the price basis for the current year. The items of cost shall be estimated upon the same principles as in the manufacturing industry, and considering the individual farm as a business unit, and determined on its individual production, including a fair compensation to farm owners for management and labor of themselves and families, together with proper allowances for depreciation of soil, improvements, equipment, stock-breeding animals, work animals, and buildings. The cooperative shall then offer to the farmers a price equal to this average cost of production plus enough profit to yield 5 per cent upon the capital investment. The cooperative shall also have the right to buy and sell agricultural food products in processed form when such processing is necessary for preservation, but only when the parties so processing them have paid to the farmers the basic price above indicated and have added thereto only enough for a net profit of 5 per cent upon their own investment. The board of directors shall establish an efficient agency to determine compliance with this last provision.

SEC. 10. If in its operation the said cooperative acquires more than the exportable surplus of agriculture, it shall have the right to dispose of the same in the domestic market and as nearly as practicable shall dispose of same at a net profit not exceeding 5 per cent.

SEC. 11. That for the purposes herein specified in handling and export of the surplus in agricultural commodities said board of directors shall establish a commodity "advisory board" for each commodity having an exportable surplus, hereinafter referred to as the "advisory board," to consist of representatives of each of the said commodities, and not to exceed five members and to serve without salary. Said board of directors shall, as soon as practicable after the enactment of this act, after conference with the bona fide farm organizations and cooperative associations in each district which it considers to be representative of agriculture, prescribe the number of members to be elected for each commodity and provide by regulation for the election of members of the first advisory boards. The term of office of each member first elected shall expire one year from the date of this act, and vacancies during such period shall be filled in the same manner as the original election. Thereafter successors shall be elected and vacancies shall be filled as prescribed by the board of directors. Any member in office at the expiration of the term for which he was elected may continue in office until his successor takes office. The members of such advisory boards may be paid a per diem compensation not exceeding $20 for attending the meetings of the advisory board. Each member shall be paid by the board his traveling expenses to and from the meetings of the advisory board and his actual expenses while engaged upon the business of the advisory board.

SEC. 12. Duties of the advisory boards.

(a) The advisory board of each commodity shall meet as soon as practicable after the enactment of this act and nominate to the board of directors 18 individuals eligible for appointment to the operating board for said commodity.

(b) They shall meet thereafter at least twice in each year at a time and place designated by the board of directors or upon a petition duly signed by a majority of individuals at a time and place designated therein.

(c) They shall nominate upon request of the board of directors individuals to fill vacancies occurring in the operating boards.

(d) They shall consider such questions and formulate such recommendations in respect to cooperative marketing, and cooperate with the board of directors and with the operating board in such manner as the advisory boards shall deem most effective for carrying out the purposes of this act.

SEC. 13. Selecting from those recommended by the respective advisory boards, the board of directors shall establish a "Federal farm operating board" for each commodity, to be composed of three members, one of whom shall be designated as chairman, and the Secretary of Agriculture shall be ex officio a member of each of said Federal farm operating boards.

SEC. 14. Terms of office of the first two appointed members shall expire at the end of the second year, the next two at the end of the fourth year, and the next two at the end of the sixth year after the date of the enactment of this act. Their successors shall hold office for a period of six years and until their successors are appointed and qualified. Vacancies shall be filled upon recommendation of the advisory board in the same manner as the original appointments. Each of the appointed members shall be a citizen of the United States, shall not actively engage in any other business, vocation, or employment than that of serving as a member of the operating board, and shall receive a salary not exceeding $10,000 a year, to be fixed by the board, together with actual and necessary traveling and subsisting expenses while away from the principal office of the board on business required by this act.

SEC. 15. The Federal farm operating boards shall have active charge of the handling and export of all agricultural commodities and of their exchange in interstate commerce and of exercising all the powers of the cooperative as hereinafter defined and as prescribed by the rules and regulations of the board of directors.

SEC. 16. That losses may occur from the export of agricultural commodities sold in the world markets at a lower price than the basic price of purchase herein provided, together with the expenses of exportation. Such losses shall be paid from the United States Treasury until they reach the total sum of $600,000,000, which is deemed to be equal to the subsidy paid the railroads the first six months after they were turned back to private ownership under the transportation act, plus the profits to the Government in the wheat corporation during the World War. Thereafter they shall be paid by an equalization fee or excise tax as Congress may determine.

SEC. 17. That any and all bonds issued by the cooperative shall be exempt, both as to principal and interest, from all taxation now or hereafter imposed by the United States, any State, or any of the possessions of the United States, or by any local taxing authority, except (a) estate or inheritance taxes and (b) graduated additional income taxes, commonly known as surtaxes. The cooperative, including its franchise and the capital and reserve or surplus thereof and the income derived therefrom shall be exempt from all taxation now or hereafter imposed by the United States or any local taxing authority, except that any real property of the cooperative shall be subject to State, county, or municipal taxes to the same extent, according to its value, as other real property is taxed.

SEC. 18. That wherever practicable products purchased and exported as a result of an advance under the provisions of this act shall be shipped in vessels documented under the laws of the United States.

SEC. 19. All of the cooperative organizations organized in compliance with the laws of the various States and in compliance with the laws of the United States as hereinafter defined shall have the right to subscribe for stock in said cooperative, and said subscription shall be used to redeem and pay off the bonds and Government capital outstanding against said cooperative. When all said bonds and capital have been redeemed the said cooperative shall become a cooperative organization under the laws of the United States, to be controlled and operated as defined and provided in the next section.

SEC. 20. Authority is hereby granted under the laws of the United States to 100 or more persons to organize cooperative organizations or associations upon the terms and definitions prescribed in this section, as follows:

1. Each member of any such cooperative association shall have one vote, and the capital stock of such association shall not vote in its control. Two or more cooperative associations shall have the right to subscribe for all the stock in an association for the purpose of federation, and when capital stock is so held by other cooperative associations, then the vote shall be in proportion to the membership of each association subscribing for such stock and the stock itself shall not vote, and this provision shall apply to the cooperative herein created.

2. The net earnings of all cooperative associations for the purpose of dividend upon the capital stock shall not exceed 5 per cent per annum, but deficiencies in any year may be made up in subsequent years, but the capital stock shall not upon liquidation or otherwise receive any dividend in excess of said sum of 5 per cent per annum.

3. All of the earnings of a cooperative association over and above the earnings of capital and the operating expenses shall be held either in surplus or for the purpose of trade dividends. Unless directed by a vote of the membership 25 per cent of said net earnings shall be kept in the business as a surplus for the enlargement, growth, and safety of the business. This surplus may be used to reduce the capital stock upon a vote of the membership. The other net earnings may be distributed back to the members in trade dividends in proportion to the amount of business each member shall transact with the enterprise. In the case where the membership is composed of other cooperative associations the trade dividends shall be paid in the same way to such association and by them distributed to their members as provided for other profits and earnings.

4. Cooperative associations engaged in trade and merchandising shall transact their business for cash or its equivalent.

5. Individual memberships in any cooperative association having individual members shall not exceed $100 in cost, and memberships of cooperative associations in federated associations shall not exceed $1,000 in cost.

6. Cooperative associations shall be composed of individuals who voluntarily join.

7. There shall be unlimited membership. No reason shall exclude a person from membership except that his purpose may be injurious to the society.

8. Each member shall patronize the society in any commercial enterprise in which it engages so long as it supplies his needs as advantageously as other agencies.

9. Persons who have not sufficient capital to pay for initial stock may be permitted to join the society and they may permit the savings returns accruing from their patronage to be applied to the share for their capital.

10. Cooperative associations shall have the right to set off not exceeding 5 per cent of the surplus savings for educational and organization purposes in the field of cooperation.

11. That at each inventory depreciation shall be charged off against the property of the society in conformity with sound business principles.

SEC. 21. The ultimate aim of the cooperative organization shall be to supply the needs of the members, to attain the control of the necessary production, to encourage membership, to promote other societies, to create national organizations, and to effect a union of the societies of the world in an international organization having the same common purpose.

SEC. 22. Credit unions and mutual cooperative banks established by the laws of the various States, and cooperative national banks that provide for the payment of a trade dividend to borrowers and depositors, shall have the right to subscribe for stock and become members in this export cooperative and in federated cooperative associations provided in this section.

SEC. 23. Whoever (1) falsely makes, forges, or counterfeits any bond, coupon, or paper in imitation of or purporting to be in imitation of a bond or coupon issued by the cooperative; or (2) passes, utters, or publishes any false, forged, or counterfeited, bond, coupon, or paper purporting to be issued by the corporation, knowing the same to be falsely made, forged, or counterfeited; or (3) falsely alters any such bond, coupon, or paper; or (4) passes, utters, or publishes as true any falsely altered or spurious bond, coupon, or paper issued or purporting to have been issued by the corporation, knowing the same to be falsely altered or spurious, shall be punished by a fine of not more than $10,000 or by imprisonment for not more than five years, or both.

The Secretary of the Treasury is authorized to direct and use the Secret Service Division of the Treasury Department to detect, arrest, and deliver into the custody of the United States marshal having jurisdiction on any person committing any of the offenses punishable under this section.

SEC. 24. That the corporation shall make a report to Congress as soon as possible after each calendar year relating to the business transacted during the preceding year, stating as of the 1st day of each month (1) the total amount of capital paid in; (2) the total amount of bonds issued; (3) the total amount of bonds outstanding; (4) a list of the classes and amounts of securities taken under this act; (5) a detailed statement of receipts and expenditures; (6) the number of cooperative associations becoming members of other cooperatives and the total amount of capital stock paid in by them; (7) the number of individual members in all cooperative associations affiliated with the cooperative; and (8) such other information as may be hereinafter required by either House of Congress.

SEC. 25. All financial transactions of the board, cooperative and Federal farm operating boards, shall be audited by the General Accounting Office, at such times and in such manner as the Comptroller General of the United States may prescribe. He shall also prescribe the accounting forms and procedures for such transactions.

SEC. 26. Cooperatives may be organized under this law by filing articles in substantial compliance herewith with the Secretary of Agriculture, signed and acknowledged before a notary public by at least 10 members. Said articles shall contain the name of the principal place of business, the names of at least the minimum membership required, the names of the first officers, whether or not the same is organized upon membership fees or capital stock, the amount of each membership fee, and the amount of capital stock, if any, together with the rate of return thereon. Upon the filing of such articles the Secretary of Agriculture shall issue a certificate of authority to transact business under this act and such cooperative shall be subject to service and jurisdiction of the courts and with rights to sue as ordinary corporations. This act is the only authority required for the parent cooperative herein created.

SEC. 27. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $10,000,000, which may be used by the parent cooperative herein created for administration expenses and loans to assist in the organization of other cooperatives herein authorized and a rate of interest not higher than 4 per cent. The board of directors shall prescribe regulations for the repayment of such loans and all moneys repaid shall be covered into such fund.

APPLICATION OF ANTITRUST LAWS

SEC. 28. The cooperative herein created and all other cooperatives organized under the provisions of this act shall, for the purposes of this act, be deemed marketing agencies within the meaning of that term as used in the provisions of the first section of the act entitled "An act to authorize association of producers of agricultural products," approved February 18, 1922, and in the same manner and to the same extent as associations included in such act shall be subject to the provisions of section 2 thereof.

COOPERATION WITH EXECUTIVE DEPARTMENTS

SEC. 29. To foster, encourage, and promote the cooperative processing, preparing for market, handling, pooling, storing, and marketing of agricultural commodities under this act and to assist in the establishment and maintenance of all cooperatives herein authorized, any Government establishment in the executive branch of the Government shall, in accordance with its written request to the head of such Government establishment, cooperate with such cooperatives to such extent as the head of such Government establishment deems compatible with the interests of the Government.

SEPARABILITY OF PROVISIONS

SEC. 30. If any provision of this act is declared unconstitutional, or the applicability thereof to any person or circumstance is held invalid, the validity of the remainder of the act and the applicability thereof to other persons and circumstances shall not be affected thereby.

RESERVATION OF RIGHT TO AMEND

SEC. 31. The Congress of the United States reserves the right to alter, amend, or repeal the provisions of this act.

Amend the title so as to read: "A bill to provide for buying, storing, processing, and marketing agricultural products in interstate and foreign commerce and especially for thus handling the exportable surplus of agriculture in the United States, and for other purposes."

The VICE PRESIDENT. The question is on the amendment, in the nature of a substitute, offered by the Senator from Iowa.

Mr. BROOKHART and Mr. HARRISON called for the yeas and nays, and they were ordered.

The VICE PRESIDENT. The Secretary will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. McKELLAR (when Mr. NEELY's name was called). I desire to announce that the senior Senator from West Virginia [Mr. NEELY] is unavoidably detained from the Senate. If present, he would vote "nay."

Mr. PHIPPS (when his name was called). I desire to announce my pair as on the previous vote. I understand that if the Senator from Georgia [Mr. GEORGE] were present, he would vote as I intend to vote. I therefore am at liberty to vote, and vote "nay."

Mr. STEPHENS (when his name was called). On this vote I am paired with the junior Senator from Maine [Mr. GOULD]. In his absence I withhold my vote, not knowing how he would vote. If permitted to vote, I would vote "nay."

The roll call having been concluded, the result was announced—yeas 5, nays 64, as follows:

YEAS—5

Bayard	Blease	Borah	Brookhart
Blaine			

NAYS—64

Ashurst	Fletcher	McKellar	Sackett
Barkley	Frazier	McMaster	Schall
Bingham	Gerry	McNary	Sheppard
Black	Goff	Mayfield	Shipstead
Broussard	Gooding	Metcalf	Simmons
Bruce	Greene	Moses	Steck
Capper	Hale	Norbeck	Thomas
Caraway	Harris	Norris	Tydings
Copeland	Harrison	Nye	Tyson
Couzens	Hawes	Oddie	Vandenberg
Curtis	Hayden	Overman	Wagner
Cutting	Heflin	Phipps	Walsh, Mass.
Dale	Jones	Pine	Warren
Deneen	Kendrick	Pittman	Waterman
Dill	Keyes	Ransdell	Watson
Edwards	La Follette	Robinson, Ind.	Wheeler

NOT VOTING—24

Bratton	Glass	Neely	Smoot
du Pont	Gould	Reed, Mo.	Steiwer
Edge	Howell	Reed, Pa.	Stephens
Fess	Johnson	Robinson, Ark.	Swanson
George	King	Shortridge	Trammell
Gillett	McLean	Smith	Walsh, Mont.

So Mr. BROOKHART's amendment was rejected.

The bill was reported to the Senate as amended, and the amendments were concurred in.

The bill was ordered to be engrossed for a third reading, and was read the third time.

The VICE PRESIDENT. The question is, Shall the bill pass?

Mr. HEFLIN. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. McNARY (when Mr. EDGE's name was called). The senior Senator from New Jersey [Mr. EDGE] is paired with the junior Senator from Oregon [Mr. STEIWER]. If the Senator from Oregon were present, he would vote "yea," and if the Senator from New Jersey were present, he would vote "nay."

Mr. FESS (when his name was called). I have a pair with the senior Senator from Arkansas [Mr. ROBINSON]. I transfer that pair to the senior Senator from Utah [Mr. SMOOT] and vote "nay."

Mr. McKELLAR (when Mr. GEORGE's name was called). The Senator from Georgia [Mr. GEORGE] is unavoidably detained from the Senate. Before he left he asked me to announce that if he could be present when the final vote on the bill was taken, he would vote for the bill if certain amendments were added. Those amendments have been made to the bill.

Mr. NORRIS (when Mr. HOWELL's name was called). My colleague [Mr. HOWELL] is detained from the Senate on account of illness in his family. If he were present on this vote, he would vote "yea." He is paired with the junior Senator from Utah [Mr. KING].

Mr. LA FOLLETTE (when Mr. JOHNSON's name was called). I desire to announce that the senior Senator from California [Mr. JOHNSON] if present would vote "yea" on this roll call.

Mr. McKELLAR (when Mr. NEELY's name was called). I desire to announce that the senior Senator from West Virginia [Mr. NEELY] is unavoidably absent. If he were present, he would vote "yea." He is paired with the senior Senator from Montana [Mr. WALSH].

Mr. PHIPPS. Mr. President, announcing my pair as on previous votes, I transfer my pair to the senior Senator from Connecticut [Mr. McLEAN] and vote "nay."

Mr. CARAWAY (when the name of Mr. ROBINSON of Arkansas was called). My colleague [Mr. ROBINSON] is unavoidably detained in his apartment on account of illness. If present, he would vote "yea."

Mr. STEPHENS (when his name was called). On this vote I am paired with the junior Senator from Maine [Mr. GOULD]. I transfer my pair to the Senator from New Mexico [Mr. BRATTON] and vote "yea."

The roll call was concluded.

Mr. JONES. I desire to announce the following general pairs:

The Senator from Massachusetts [Mr. GILLETT] with the Senator from Florida [Mr. TRAMMELL];

The Senator from Delaware [Mr. DU PONT] with the Senator from Missouri [Mr. REED]; and

The Senator from Nebraska [Mr. HOWELL] with the Senator from Utah [Mr. KING].

I desire also to announce that if the Senator from Nebraska [Mr. HOWELL] were present he would vote "yea," and if the Senator from Utah [Mr. KING] were present he would vote "nay."

I also want to announce that if the Senator from Florida [Mr. TRAMMELL] and the Senator from Delaware [Mr. DU PONT] were present they would vote "yea," and that if the Senator from Massachusetts [Mr. GILLETT] and the Senator from Missouri [Mr. REED] were present they would vote "nay."

The result was announced—yeas 53, nays 23, as follows:

YEAS—53

Ashurst	Fletcher	Mayfield	Simmons
Barkley	Frazier	Norbeck	Smith
Black	Gooding	Norris	Steck
Blaine	Harris	Nye	Stephens
Brookhart	Harrison	Oddie	Thomas
Broussard	Hawes	Overman	Tyson
Capper	Hayden	Pine	Vandenberg
Caraway	Heflin	Pittman	Wagner
Copeland	Jones	Ransdell	Waterman
Couzens	Kendrick	Robinson, Ind.	Watson
Curtis	La Follette	Sackett	Wheeler
Cutting	McKellar	Schall	
Deneen	McMaster	Sheppard	
Dill	McNary	Shipstead	

NAYS—23

Bayard	Edwards	Hale	Shortridge
Bingham	Fess	Keyes	Swanson
Blease	Gerry	Metcalf	Tydings
Borah	Glass	Moses	Walsh, Mass.
Bruce	Goff	Phipps	Warren
Dale	Greene	Reed, Pa.	

NOT VOTING—17

Bratton	Gould	Neely	Trammell
du Pont	Howell	Reed, Mo.	Walsh, Mont.
Edge	Johnson	Robinson, Ark.	
George	King	Smoot	
Gillett	McLean	Steiwer	

So the bill was passed.

BOULDER DAM

Mr. ASHURST. Mr. President, I ask leave to have printed in the RECORD my minority views on Senate bill 728, together with a letter from Mr. John L. Gust and extracts from a speech by Hon. Dwight B. Heard.

The VICE PRESIDENT. Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

BOULDER CANYON PROJECT

Mr. ASHURST, from the Committee on Irrigation and Reclamation, submitted the following minority views (to accompany S. 728):

The Colorado River is our most remarkable and dramatic river in its value for irrigation and hydroelectric energy. It combines concentration of fall, sites for power plants, reservoir sites for controlling the river flow, and a vast volume of water for irrigating several million acres of land.

Other rivers may be used either for irrigation or for hydroelectric power, but no other river in the Western Hemisphere presents such opportunity for the use of waters for both irrigation and generating electrical energy.

In approaching the problems of a river so pregnant with possibilities for development it is important that all the factors connected therewith—engineering and economic—should be fully evaluated and that expediency shall play no part therein.

It is the opinion of all experts that there is no surplus water in the Colorado River, therefore in any plan of developing that river extreme

care should be exercised so that no practicable potentiality shall be needlessly sacrificed.

MAGNITUDE OF THE PROPOSED PROJECT

The project authorized by this bill is majestic in its proportions. The figures involved are stupendous.

The proposed dam will be 675 feet high from bedrock to its crest; 125 feet below and 550 feet above the present water level, or nearly twice as high as any other dam in existence.

It is stated in the Twenty-fifth Annual Report of the Bureau of Reclamation, that the total capacity of all of the reservoirs at storage dams authorized by Congress to be constructed by the Bureau of Reclamation, and including reservoirs at dams on Federal reclamation projects which were financed and constructed by agencies other than the Reclamation Bureau, when completed will be only 13,863,123 acre-feet of water. The hydroelectric power now installed by the Bureau of Reclamation is 55,000 horsepower.

The Boulder Reservoir, when full, will hold 26,000,000 acre-feet of water, and store 20,000,000 acre-feet. It is proposed to install machinery to develop 1,000,000 horsepower, of which 550,000 horsepower will be firm power; in other words, this dam will create a reservoir which will store approximately twice as much water as all the Reclamation Service reservoirs combined and will represent an electrical installation of ten times as much as that now installed by the Bureau of Reclamation.

The total construction cost of all of the projects constructed by that bureau as of June 30, 1926, was $166,532,562.36. The estimated cost of a portion of this project will be $125,000,000. The members of the Federal Power Commission, and many engineers who have testified concerning the project, state that these cost estimates for the project are too low.

Secretary Work, in submitting to Congress the Weymouth report on the Boulder Dam and this project, said that this project presents "engineering difficulties attractive to ambitious engineers if not to Government or private capital."

ARIZONA

Ninety-three per cent of the entire area of the State of Arizona is within and constitutes 43 per cent of the total area of the Colorado River drainage basin.

Arizona contributes about 30 per cent of the waters of the Colorado River. The population of Arizona residing within the Colorado River Basin and dependent entirely upon its waters is equal to, and probably exceeds, the combined population furnished to the Colorado River Basin by the other Colorado River Basin States.

Of the 6,000,000 firm horsepower of potential hydroelectric energy in the lower basin, seven-eighths thereof is in Arizona, but the Boulder Canyon plan of development, as proposed in S. 728, would deprive Arizona of the benefit of this hydroelectric power.

Of the lands in Arizona susceptible of irrigation, practically all thereof to be irrigated must obtain their water from the Colorado River or its tributaries in Arizona; they have no other waters from which to draw.

The Colorado River enters Arizona from Utah near what is called the Crossing of the Fathers and flows through Arizona on a meandered line 315 miles to the Arizona-Nevada State line, in Iceberg Canyon. From this point the river on a meandered line forms the western boundary line of Arizona for a distance of 400 miles to the point where it intersects the boundary line between Arizona and Old Mexico.

CALIFORNIA

Only 2½ per cent of the Colorado River drainage basin is in California.

California contributes practically no water to the Colorado River.

The Boulder Canyon plan of development allots to California 38 per cent of the estimated constant water supply of the Colorado River.

California has 18,000,000 acres of land irrigable by waters other than by the waters of the Colorado River.

Of potential hydroelectric energy, California has 9,000,000 horsepower which may be developed within her borders on streams other than the Colorado River or its tributaries.

This bill sedulously and intentionally proposes to sever Arizona's jugular vein.

The bill is intended to be, and is, an attempt to coerce Arizona. One administration unsuccessfully attempted to coerce Arizona into joint statehood with New Mexico. Another administration unsuccessfully attempted to coerce Arizona upon certain provisions of her constitution, and those who are attempting by this legislation to coerce Arizona will ultimately discover that they have simply been standing like large locomotives on a sidetrack, without driving rods, wasting their steam in vociferous and futile sibilation.

TITLE I

STATEMENT OF SPECIFIC OBJECTIONS

I object to this bill for the following reasons:

1. Because the bill authorizes an invasion of the State of Arizona without its consent and over its protest; it is a trespass upon the soverignty of Arizona and is therefore unconstitutional.

2. Because the bill proposes (sec. 12 (c), p. 20) to deny to Arizona her right to use the public lands within that State—which comprise 63 per cent of the total area of the State—for the purpose of building canals or other works, to enable citizens of that State to use the water which falls upon the soil and which runs in the brooks, creeks, washes, and rivers of Arizona for domestic and agricultural purposes and also proposes to deny to Arizona the use of public lands for the building of transmission lines for the purpose of delivering electrical energy developed on streams which are within the State and also proposes to deny to Arizona the right to obtain a permit from the Federal Power Commission to build dams on streams wholly within Arizona, to utilize water for the development of electrical energy to which the citizens of Arizona have already acquired the right to the exclusive use thereof.

3. Because if the bill (sec. 8 (c) were passes in its present form it would plunge the State of Arizona into expensive and protracted litigation. Because it denies the authority of Arizona to amend her own constitution.

4. Because Arizona joins with the upper basin States in asking (quoting Governor Dern, of Utah, Senate hearings on S. 728, p. 132) "that no legislation proposing the construction of any project upon the Colorado River should be enacted by Congress or otherwise authorized by any Federal agencies before the negotiations now in progress have been completed, and every reasonable effort exhausted to reach such an agreement between the seven States."

5. Because the construction of any large storage project on the main Colorado River, in the absence of a specific allocation of water to Arizona, will make water available for use in Mexico, and thereby ultimately deprive the lands in Arizona of its use.

6. Because the bill proposes the invasion of the State of Arizona by the Federal Government and the usurpation of the use of the bed of the Colorado River, its banks, and the lands within the State for the construction of a dam for the storage of water and the delivery of this water to another State to the detriment of Arizona. The water in question is a natural resource over which the State of Arizona claims the exclusive right (except as it affects navigation) to control within its own boundaries, and to share the control of its use where the river forms the boundary between Arizona and another State, subject only to the limitation that the water shall not be depleted in such an amount as to deprive a prior and beneficial user in another State of the water appropriated by him. (Boquillas Cattle Co. *v.* Curtis, 213 U. S. 339, and Colorado *v.* Wyoming, 259 U. S. 419.)

7. Because under the terms of the bill Arizona will be deprived of the use of water essential for her future growth and prosperity which could be made possible by the development of power and the irrigation of her lands.

8. Because of the misleading language in the bill which, whilst declaring that a large irrigation project in California shall bear the cost of the canal and of appurtenant structures (sec. 1, p. 2, lines 13 to 17; sec. 9, p. 16) necessary to irrigate the lands in California, the provisions of the bill, in truth and in fact, will require the power resources of Arizona and Nevada to underwrite the repayment of the cost "of the main canal and appurtenant structures connecting Laguna Dam with the Imperial and Coachella Valleys in California," including operation and maintenance charges (sec. 2; also lines 13 to 17, p. 2, of the bill).

9. Because the amount of water apportioned to California (sec. 5, p. 7) is not warranted in equity, law, justice, or morals.

10. Because the bill provides that when the canals, power plants, and structures in California are paid for they be turned over and delivered to the districts which use them in that State. (Sec. 7, p. 12.) But the bill does not provide that the dam and power plants be turned over to or inure to the benefit of the States of Arizona and Nevada when the Government is repaid. (Sec. 5, p. 7, line 16.)

11. Because the bill provides that the Imperial Irrigation District and other California districts may be given rights in the Laguna Dam which they do not now possess and which are the property of the Yuma County Water Users' Association, for which the Secretary of the Interior is acting as trustee, and an arbitrary action by the Secretary as authorized under this bill (sec. 7, p. 12; sec. 10, p. 18) would force the Yuma County Water Users' Association to engage in costly litigation to protect its interests.

12. Because the bill proposes to authorize the Federal Government to become a party to a conspiracy to impose a boycott upon Arizona and to enforce against her the terms of the Colorado River compact, when approved by six States, as it affects the upper basin States (sec. 12 (a), p. 19, and particularly 12 (c), p. 20) and to impose upon Arizona the conditions of a subsidiary compact to be made by two States (sec. 8 (b), p. 14), affecting the lower basin, and to enforce these compacts against Arizona under terms of the bill (sec. 12 (c), p. 20).

13. Because the bill authorizes the expenditure of $50,000,000 of Federal funds to irrigate lands owned largely by private land speculators in California in units in excess of 160 acres. The records show that of the 785,400 acres of land in Imperial Valley, one corporation alone owns 47,000 acres of these lands and only 167,100 acres are Government lands. (S. Doc. 142, 67th Cong., 2d sess., p. 80.) This

report was made in 1922, and the Government acreage has probably decreased since that time.

14. Because the bill authorizes California, which comprises only 2½ per cent of the Colorado River Basin and contributes no water, to appropriate (sec. 5, p. 7, lines 4 to 13) over 38 per cent of the estimated constant water supply available in the main Colorado River for all seven States in the basin and for Mexico. (House hearings on H. R. 2903, p. 841, sec. 19, report of Herman Stabler; also Senate hearings on S. 320, December 19, 1925, p. 533, E. C. LaRue; also S. Doc. No. 142, 67th Cong., 2d sess., p. 37, table and text; also Water Supply Paper No. 556, U. S. Geological Survey, 1925, p. 122.)

15. Because the bill fails to provide for a review and approval of the plans of the project by engineers of large ability and experience as to the adequacy of the plans and specifications and the safety of the proposed dam.

There is no remorse so deep, so poignant, and so inveterate as that which will come when we shall some day realize that we omitted to avail ourselves of the opportunity to see to it that as far as science may do so, it has secured the safety of this dam. Fortune, success, and opportunity soar aloft on high and rapid wing and must be seized as they pass by. It is difficult, if not impossible, to overtake them once they have left us behind or found us asleep or afraid. However, if the dam is to be constructed, it is not yet too late to guarantee its safety.

TITLE II

STATES ARE ENTITLED TO EQUALITY OF RIGHT UNDER THE CONSTITUTION

The United States Supreme Court has declared that "One cardinal rule underlying all the relations of the States to each other is that of equality of right. Each State stands on the same level with all the rest. It can impose its own legislation on no one of the others and is bound to yield its own views to none." (Kansas *v.* Colorado, 206 U. S. 48, 97.)

In another case the court stated: "It [a State] finds itself in possession of what all admit to be a great public good and what it has it may keep and give no one reason for its will." (Hudson Water Co. *v.* McCarter, 209 U. S. 356.)

The latter may be the legal and constitutional right of the State of Arizona, but it is not the policy of the State or of its representatives in offering opposition to the Boulder Canyon project legislation.

Arizona's demand is merely for equality of right with the other States. But Arizona denies the right of other States to impose their will upon her.

The representatives of the State of Arizona recognize that the Colorado River is an interstate and international stream. The water in the river originates wholly in the United States, but the mouth of the river is in a foreign country. The representatives of the State of Arizona recognize that the strict application of the doctrine laid down by the United States Supreme Court in the case of Wyoming *v.* Colorado (259 U. S. 419) would probably result in the appropriation of the water of the river by the States best able to put it to immediate use and that this would be extremely detrimental to the interests of the upper-basin States, and it would also probably inspire a race for competitive development of agricultural lands which economic conditions do not warrant.

The representatives of Arizona have stated repeatedly that they are willing to accept and enter into a compact with the other States in the Colorado River Basin, provided the State of Arizona is given the protection under the new laws equal to that which is given to all the other States. Or, stated in another way, Arizona is asking that if the law of prior appropriation is to be set aside and water is to be apportioned by a compact among the States, that Arizona be given the same protection against Mexico and California that Colorado, Wyoming, Utah, and New Mexico are asking for themselves. Arizona's claims are set out in detail elsewhere in this report.

TITLE III

BOULDER DAM IS PRIMARILY FOR POWER

The dam authorized by this bill is primarily for the purpose of obtaining a water power to lease to States, subdivisions of States, or to private individuals (sec. 5, p. 6), and thereby make available certain incidental benefits. In substantiation of this statement, I call attention to the substance of the following provisions of the bill:

1. No dam shall be constructed and no work be performed unless power revenues are adequate to pay for the interest and amortization and the operation and maintenance of the entire project. (Sec. 4 (b), p. 5.)

2. No charges are to be made for the storage, use, or delivery of water for domestic purposes. (Sec. 1, p. 2, lines 15 to 17.)

3. No charges are to be made for the storage, use or delivery of water for agricultural purposes. (Sec. 1, p. 2, lines 15 to 17.)

4. Priorities to the use of water from the reservoir shall be in the following order:

(a) Water for use of lands under "a canal connecting Laguna Dam with Imperial and Coachella Valleys." (Sec. 1, p. 2, lines 10 to 13.)

(b) Domestic use.

(c) Agricultural use.

(d) Power.

(e) Navigation.

Sections 4 (a), 5, 6, 8 (b), 12, and 14 of the act and Article IV of the Colorado River compact. (See especially sec. 12 (b) of the bill.)

5. If there be any surplus revenues, Nevada and Arizona are each to receive 18¾ per cent of such excess revenues. (Sec. 4, p. 5.)

6. Leases on power are not to be for longer than 50 years. (Sec. 5 (a), p. 7.)

7. Preference to the use of power is given to States, subdivisions of States, and private agencies in the order given. (Sec. 5 (c), p. 9.)

8. Any agency making a contract for 100,000 horsepower is required to reserve one-fourth of its transmission line for the use of other power contractees. (Sec. 5 (d), p. 10.)

The legislative fiction that one of the primary purposes of the bill is to "improve navigation," is destroyed by the provisions of the bill itself (sec. 16 (b), p. 20), which approves the Colorado River compact which if applied would make this provision of the bill read:

"The rights of the United States in or to waters of the Colorado River and its tributaries * * * for navigation * * * shall be subject to and controlled by the said Colorado River compact, which declares (art. 4) 'inasmuch as the Colorado River has ceased to be navigable for commerce and the reservation of its waters for navigation would seriously limit the development of its basin, the use of its waters for purposes of navigation shall be subservient to the uses of such waters for domestic, agricultural, and power purposes.'"

But, says the majority report (p. 9): "with its flow unregulated, the river can not be successfully used as a highway for commerce; in its regulated form it will provide a safe and dependable flow below the dam that can be used by power boats and other small craft. The reservoir created by the dam will be the largest artificial lake in the United States and capable of successful navigation."

To summarize: The bill provides there shall be no dam unless the power revenues are adequate to repay the Government; there shall be no charge for the use of water for domestic, or agricultural purposes; water shall be used, first for domestic use and agricultural purposes, next for power, and then if these agencies do not divert all of the water and thereby dry up the stream, it may be navigated by motor boats.

TITLE IV

"IMPROVING NAVIGATION" ON COLORADO RIVER IS LEGISLATIVE FICTION

The committee inserted on lines 3 and 4 on page 1 and on line 8 on page 11 the words "improving navigation." These words do not appear in the original bill. The purpose for inserting them was an endeavor to circumvent the Constitution of the United States.

To assert that the primary purpose of this bill is to improve navigation is ridiculous. The purpose of inserting this language is to attempt to have the Congress authorize this legislation under its authority "to regulate commerce with foreign nations and among the several States and with Indian tribes." (Art. 1, sec. 8, par. 3.)

There is testimony in the hearings of both the House and the Senate that the Colorado River, in its natural state, was a navigable stream from its mouth to a point above the proposed site for the Black Canyon, or Boulder Canyon Dam; but, there is also uncontradicted evidence in the hearings that the Colorado River from its mouth to the site of the proposed dam is not now used for navigation, and there is not on file or in the records a single petition, request, or demand that the Colorado River be improved for the purposes of navigation. On the contrary, the petitions and requests in the hearings and before Congress are for legislation to enable the States further to deplete the flow of the Colorado River and thereby render it wholly nonnavigable.

The bill authorizes the approval of the Colorado River compact, which in article 4 A provides:

"A. Inasmuch as the Colorado River has ceased to be navigable for commerce and the reservation of its waters for navigation would seriously limit the development of its basin, the use of its waters for purposes of navigation shall be subservient to the uses of such water for domestic, agricultural, and power purposes."

There is no evidence in the record that if the river were made navigable, there would be a single ton of freight carried on the river as the result of such an improvement.

TITLE V

TREATY OBLIGATIONS DO NOT REQUIRE THE ENACTMENT OF THIS LEGISLATION

International questions do not give authority to Congress to pass this bill.

Unless the United States negotiates a treaty with Mexico in which the United States binds itself to assume some degree of control and management of the river, it would have no authority to pass this legislation under the assumption that it was to carry out treaty obligations. There are no treaty obligations at this time, the fulfillment of which, require the passage of this legislation. In the absence of such obligations, this legislation can not be predicated upon that authority. There is now no treaty, compact, or agreement requiring the United States to send any of the waters of the Colorado River into Mexico, and all the waters of that river which Mexico now receives are allowed to go into Mexico purely as an act of grace.

TITLE VI

THE COLORADO RIVER COMPACT

The Congress may not impose a compact upon the States

There is no precedent for a bill such as we are now considering, and as was stated by Mr. John L. Gust (hearings on S. 728, p. 105):

"If such a bill as the Swing-Johnson bill had been introduced into Congress in the early years of our constitutional history, it would have rocked the very foundation of the Union. If it were offered to-day against one of the old and powerful States, it would create considerable commotion even to-day. The fact that it is directed against a young and weak State makes it dangerous. If the principles upon which it is based should become established, Congress could force any State into any kind of compact with another State or with a foreign power—because the power of making compacts is just as broad with respect to foreign powers as it is with States with respect to each other—by providing that until such compact was approved each State should receive no Federal aid for road construction, no forest-reserve funds for roads or schools, no money for harbor improvement, no public buildings, and no water from its own streams. That is the extent to which this bill goes, if I read it aright, and I think I am not mistaken as to its provisions, and I feel confident that such broad powers as that do not exist in Congress under the Constitution under which this Nation exists."

Congress can not impose a compact or the terms thereof upon the States. In Article I, section 10, of the Constitution of the United States, among other provisions, there occurs the following language:

"No State shall enter into any treaty, alliance or confederation * * *. No State shall without the consent of Congress * * * enter into any agreement or compact with another State or with a foreign power * * *."

This provision of the Constitution makes it clear that the power in the States to make agreements or compacts not having been delegated to the United States by the Constitution nor prohibited by it to the States is reserved to the States, with the single restriction that the consent of Congress is necessary to the validation thereof.

It therefore must necessarily follow that the Congress can not impose upon a State or States the terms of a compact to which said State or States refuse to give consent. It must also necessarily follow that Congress can not authorize "two" or "six" (sec. 8 (b) and sec. 12 of the bill) States to confederate and enter into an alliance and to apportion among themselves natural resources which are the common heritage of seven States and to do it over the objections of the protesting State or States.

This bill (secs. 4 A, 5, 6, 8 A and B, 12 A, B, C, D, and 14) binds this legislation to the provisions of the Colorado River compact.

The bill is an attempt to apportion water, as it approves the Colorado River compact (secs. 4 A and 12), which is a proposed agreement which, if approved by the seven States, parties to it and with the approval of Congress, would repeal the water laws in the Colorado River Basin as they now exist and are defined by the United States Supreme Court. The compact proposes to substitute for the water laws based upon prior appropriation and beneficial use, the allotment of a definite quantity of water to the "upper basin" and "lower basin" States.

The authority to make such a compact rests in the States, and not in the Congress. The States have not ratified the compact; therefore it is not a valid agreement.

This bill attempts to rivet the provisions of the compact onto the seven States. The bill goes further and authorizes the State of California to appropriate and consume a large proportion—estimated to be 38 per cent—of the water available for use in the Colorado River above Laguna Dam. (Sec. 5, p. 7, lines 4 to 12, inclusive.) And it authorizes two States to make a compact to bind three States. (P. 14, line 18.) I deny that the right exists in Congress to apportion this water.

Any attempt on the part of "six States" so far as their actions relate to the entire basin or of "two States," so far as their actions relate to the "lower basin," even with the consent of Congress, to enter into an alliance or confederation to deprive a seventh State of the right to utilize and enjoy the benefits of its natural resources is equivalent to a conspiracy. The States only can make a compact and divide the water; Congress can not do it for them. In this connection I again quote John L. Gust (Hearings on S. 728, p. 121):

"In our opinion the Colorado River compact if executed by six but not by seven States will be wholly void for the following reasons:

"First. Considered as a contract, it is legally impossible of performance when made.

"Second. Considered as a contract, it is illegal because it is a plain attempt on the part of the States that are parties to the agreement to control the property and resources of another State for their own benefit.

"Considering the proposition first above stated, it is a principle of the law of contracts that contracts impossible of performance when made are void. The Colorado River compact purports to divide the water of the river between an upper basin and a lower basin which are both included within the boundaries of seven States. Each of those States has a right in the waters of the river. This is established by Kansas v. Colorado (206 U. S. 46) and Wyoming v. Colorado (259 U. S. 419).

"One of the States having a large interest in such waters declines to enter into the compact. Thereupon the remaining six purport to execute the compact and carry it out exactly as written for the seven.

"In other words these six purport to apportion the water just as it was proposed to be apportioned by the act of the seven.

"This means that the six undertake to divide the water among the seven without the consent of the seventh. Manifestly this can not be legally done. Arizona can not be bound without its consent, and if Arizona is not bound the agreement simply will not work. The six States are undertaking to do something wholly beyond their power.

"Considering the second proposition, it seems plain that any attempted agreement on the part of six States to parcel out the property and rights and prerogatives of seven States without the consent of the seventh State is necessarily illegal. Can the law recognize and uphold an agreement in which certain States undertake to dispose of the property and rights and prerogatives of another State to suit their own pleasure and for their own profit and against the will of the other State? It can not be said that the six-State compact does not undertake to dispose of Arizona's property rights. By its express terms it applies to the property rights of Arizona as well as to the property rights of the other States.

"Moreover, the California resolution adopting the six-State compact declares it shall not become binding on California until Arizona is subjected to the compact by the power of the United States. Said resolution is a proposition by the State of California to enter into a conspiracy with the United States for the purpose of depriving Arizona of her constitutional rights."

In connection with this proposal that Congress shall usurp authority, I direct attention to a decision of the Supreme Court of the United States:

Should Congress under the pretext of executing its powers pass laws for the accomplishments of objects not intrusted to the Government, it would become the painful duty of this tribunal, should a case requiring such decision come before it, to say that such an act was not the law of the land. (McCulloch v. Maryland, 4 Wheat. 316, 423.)

PRESENT STATUS AND WHAT THE STATES ARE CONTENDING FOR WITH REFERENCE TO THE COLORADO RIVER COMPACT

The States of Colorado, Wyoming, and New Mexico have ratified and desire ratification of the compact by all seven States. This compact will reserve for the present and future requirements of the upper basin States the water allocated for their use by the Colorado River compact.

"*Resolved*, That it is firm belief of the representatives of the four said upper basin States, as assembled at Denver, Colo., this 19th day of December, 1927, that no legislation proposing the construction of any project upon the Colorado River should be enacted by Congress or otherwise authorized by any Federal agency before the negotiations now in progress have been completed and every reasonable effort exhausted to reach such agreement between the seven States.

"W. H. Adams, Governor of Colorado; George H. Dern, Governor of Utah; Frank C. Emerson, Governor of Wyoming; Edward Sargent, Lieutenant Governor of New Mexico; Delph E. Carpenter, interstate river commissioner for Colorado; William L. Boatright, attorney general of Colorado; Francis C. Wilson, interstate river commissioner for New Mexico; L. Ward Bannister, counsel for the city of Denver; M. C. Mechem, representing New Mexico." (Senate hearings on S. 728 and S. 1274, p. 132.)

Utah: The State of Utah, speaking through its governor (hearings on S. 728, p. 143), defined the demands of that State to be as follows:

"1. Seven-State ratification of the Santa Fe compact.

"2. A treaty with Mexico preserving to the United States the right to any water of the Colorado River made available through development in the United States, including equitable rights to the natural flow.

"3. Acknowledgment that water within the State is the property of the State.

"4. Acknowledgment that the State of Utah is the owner of that portion of the bed of the Colorado River which lies within its borders.

"5. Full acknowledgment that the States have a right to and receive compensation for the use of their lands and waters."

The qualified ratification of the Santa Fe compact, as adopted by the Legislature of Utah, January 26, 1927, was as follows:

"*Be it enacted by the Legislature of the State of Utah:*

"SECTION 1. Colorado River in Utah and Green River in Utah declared to be navigable streams: That the State of Utah does hereby declare that the Colorado River in Utah and the Green River in Utah from time immemorial and at the time of the admission of Utah into the Union as one of the States of the United States of America were and ever since have been and now are navigable streams.

"SEC. 2. Title to bed of all navigable rivers vested in State of Utah, when—Exceptions: That the title to the beds of said rivers and of each of them, as well as the title to the beds of all other streams and lakes which at the time of said admission of Utah into the Union were

navigable in fact, vested in the State of Utah at the time of its said admission into the Union and said title has at all times thereafter been and now is vested in the State of Utah, except such portion or portions thereof as may have been heretofore disposed of by the State of Utah pursuant to law by express grant.

"SEC. 3. Intent with respect to paragraph (a) of Article IV, of the Colorado River compact—Colorado River navigable for intrastate commerce: That the State of Utah does hereby declare that its adherence to paragraph (a) of Article IV of the Colorado River compact as set forth in chapter 5, Laws of Utah, 1923, which paragraph reads as follows:

"(a) Inasmuch as the Colorado River has ceased to be navigable for commerce and the reservation of its waters for navigation would seriously limit the development of its basin, the use of its waters for purposes of navigation shall be subservient to the uses of such waters for domestic, agricultural, and power purposes. If the Congress shall not consent to this paragraph, the other provisions of this compact shall nevertheless remain binding." (Hearings on S. 728, p. 170.)

Nevada: The State of Nevada desires ratification of the Colorado River compact by the seven States and a supplementary compact which will recognize the right of that State to the use of 300,000 acre-feet of water (Senate hearings on S. 728 and S. 1274, p. 170) and the acceptance of the principles of the Pittman resolution, which is found on page 131 of the 1928 Senate hearings on S. 728.

Resolution offered by Senator KEY PITTMAN on behalf of the Nevada Commission to the Conference of Governors and the Commissioners of the Colorado Basin States in session at Denver, Colo. Adopted at Seven States' Conference on the Colorado River at Denver, October 4, 1927, by affirmative votes of Arizona, Colorado, Nevada, New Mexico, Utah, and Wyoming—California not voting.

"Whereas it is the settled law of this country that the ownership of and dominion and sovereignty over lands covered by navigable waters within the limits of the several States of the Union belong to the respective States within which they are found, with the consequent right to use or dispose of any portion thereof, when that can be done without substantial impairment of the interests of the public in the waters, and subject always to the paramount right of Congress to control the navigation so far as may be necessary for the regulation of commerce with foreign nations and among the States; and

"Whereas it is the settled law of this country that subject to the settlement of controversies between them by interstate compact, or decision of the Supreme Court of the United States, and subject always to the paramount right of Congress to control the navigation of navigable streams so far as may be necessary for the regulation of commerce with foreign nations and among the States, the exclusive sovereignty over all of the waters within the limits of the several States belongs to the respective States within which they are found, and the sovereignty over waters constituting the boundary between two States is equal in each of such respective States; and

"Whereas it is the sense of this conference that the exercise by the United States Government of the delegated constitutional authority to control navigation for the regulation of interstate and foreign commerce does not confer upon such Government the use of waters for any other purposes which are not plainly adapted to that end, and does not divest the States of their sovereignty over such waters for any other public purpose that will not interfere with navigation: Therefore be it

"*Resolved*, That it is the sense of this conference of governors and the duly authorized and appointed commissioners of the States of Arizona, California, Colorado, New Mexico, Nevada, Utah, and Wyoming, constituting the Colorado River Basin States, assembled at Denver, Colo., this 23d day of September, 1927, that—

"The rights of the States under such settled law shall be maintained.

"The States have a legal right to demand and receive compensation for the use of their lands and waters except from the United States for the use of such lands and waters to regulate interstate and foreign commerce.

"The State or States upon whose land a dam and reservoir is built by the United States Government, or whose waters are used in connection with a dam built by the United States Government to generate hydroelectric energy are entitled to the preferred right to acquire the hydroelectric energy so generated or to acquire the use of such dam and reservoir for the generation of hydroelectric energy upon undertaking to pay to the United States Government the charges that may be made for such hydroelectric energy or for the use of such dam and reservoir to amortize the Government investment, together with interest thereon, or in lieu thereof to agree upon any other method of compensation for the use of their waters."

All the interested States agree that, if the compact is approved, Nevada shall be granted the right to take such water as may be beneficially used in that State, which is estimated to be 300,000 acre-feet.

California: The demands of California and her policy concerning the compact are outlined in chapter 33, assembly Joint Resolution No. 15, adopted by the Legislature of California in 1925. This resolution ratifies the Colorado River compact with the following provisos:

"*Provided, however*, That the said Colorado River compact shall not be binding or obligatory upon the State of California, by this or any former approval thereof, or in any event until the President of the United States shall certify and declare—

"(a) That the Congress of the United States has duly authorized and directed the construction by the United States of a dam in the main stream of the Colorado River at or below Boulder Canyon, and to create a storage reservoir of a capacity of not less than 20,000,000 acre-feet of water; and

"(b) That the Congress of the United States has exercised the power and jurisdiction of the United States to make the terms of the said Colorado River compact binding and effective as to the water of the Colorado River.

This bill meets and conforms to the full demands of California.

With reference to an allocation of the water available under the Colorado River compact for use in the "lower basin," California demanded as an "irreducible minimum" 4,600,000 acre-feet of the allocated water and one-half of any surplus water unallocated by that compact, available for use in the main stream. (Testimony Charles L. Childers, Senate hearings on S. 728.)

Arizona: The Colorado River Commission of Arizona defined the position of Arizona with reference to the Colorado River compact to be as follows (Hearings on S. 728, pp. 19, 46):

"(1) Arizona will accept the Santa Fe compact if and when supplemented by a subsidiary compact which will make definite and certain the protection of Arizona's interests, as follows:

"(2) That before regulation of the Colorado River is undertaken, Mexico be formally notified that the United States Government reserves for use in the United States all water made available by storage in the United States.

"(3) That any compact dividing the water of the Colorado River and its tributaries shall not impair the rights of the States, under the respective water laws, to control the appropriation of water within their boundaries.

"(4) That the waters of the streams tributary to the Colorado River below Lees Ferry and which are inadequate to develop the irrigable lands of their own valleys be reserved to the States in which they are located.

"(5) That so much of the water of the Colorado River as is physically available to the lower basin States—but without prejudice to the rights of the upper basin States—shall be legally available to and divided between Arizona, California, and Nevada, as follows:

"(a) To Nevada, 300,000 acre-feet per annum.

"(b) The remainder, after such deduction as may be made to care for Mexican lands allotted by treaty, shall be equally divided between Arizona and California.[1]

"(6)[2] That the right of the States to secure revenue from and to control the development of hydroelectric power within or upon their boundaries be recognized.

"(7)[2] That encouragement will be given, subject to the above conditions, to either public or private development of the Colorado River, at any site or sites harmonizing with a comprehensive plan for the maximum development of the river's irrigational and power resources.

"(8) That Arizona is prepared to enter in a compact at this time to settle all the questions enumerated herein, or Arizona will agree to forego a settlement of items 6 and 7, and make a compact dividing the water alone, provided it is specified in such compact that no power plants shall be installed in the lower basin portion of the main Colorado River until the power question is settled by a power compact among the States.[3]"

CONTROL OF WATER BY WESTERN STATES IS RECOGNIZED BY CONGRESS

In admitting the Western States into the Union "on an equality with all the other States," Congress has conceded that no constitutional right was vested in the Federal Government to retain jurisdiction over appropriations of water for irrigation, domestic, power, or other uses excepting as they might affect navigation. In fact, the United States Supreme Court, in the case of Boquillas Cattle

[1] With reference to par. 5 (b) of the Arizona statement, Arizona agreed to accept a proposal for a division of the water which was suggested by the Governors of Utah, Wyoming, Colorado, and New Mexico, that the water available for the use of the lower basin be divided approximately as follows (Senate hearings on S. 728, p. 349), each State to have its tributary waters before they enter the main stream: To Nevada, 300,000 acre-feet; to California, 4,200,000 acre-feet; to Arizona, 3,000,000 acre-feet. All available surplus water to be divided equally between Arizona and California.

[2] With reference to pars. (6) and (7), the Arizona representatives insist upon the acceptance of the principle of the Pittman resolution in a compact. (Senate hearings on S. 728 and S. 1274, p. 131.)

[3] The contention of Arizona, with reference to power revenues, stated briefly and succinctly, as it relates to the development proposed to be made under this act, is that the State expects to derive a revenue from the hydroelectric power developed on the project, equivalent to what it would receive in taxation, if the project was developed by private enterprise.

Co. v. Curtis (213 U. S. 339), in an opinion sustaining a decision of the Territorial Supreme Court of Arizona, declared "the doctrine of appropriation" was in force in Arizona before it was annexed to the United States.

The Congress of the United States first recognized the necessity for local customs to govern the use and appropriation of water in the semiarid Western States when it adopted section 9 of the act of July 26, 1866 (14 Stat. 266; sec. 2399, Rev. Stats.). This section reads:

"That whenever, by priority of possession, right to the use of water for mining, agricultural, manufacturing, or other purposes, have vested and accrued and the same are recognized and acknowledged by the local customs, laws, and the decisions of the courts, the possessors and owners of such vested rights shall be maintained and protected in the same; and the right of way for the construction of ditches and canals, for the purposes aforesaid, is hereby acknowledged and confirmed."

Under the terms of both the United States reclamation law and of the Federal water power act, the United States is required to obtain the consent of the States to use the lands and waters of the States before it can proceed with the erection of any dam for the purposes of utilizing the water for domestic, irrigation, or power purposes.

Section 8 of the United States reclamation act, Thirty-second Statutes, page 388 (1902), reads:

"That nothing in this act shall be construed as affecting or intending to affect or to in any way interfere with the laws of any State or Territory relating to the control, appropriation, use, or distribution of water used in irrigation, or any vested right acquired thereunder, and the Secretary of the Interior, in carrying out the provisions of this act, shall proceed in conformity with such laws, and nothing herein shall in any way affect any right of any State or of the Federal Government or of any landowner, appropriator, or user of water in, to, or from any interstate stream of the waters thereof: *Provided*, That the right to the use of water acquired under the provisions of this act shall be appurtenant to the land irrigated, and beneficial use shall be the basis, the measure, and the limit of the right."

The Federal water power act, approved June 10, 1920, provides in section 17 thereof as follows:

"That nothing herein contained shall be construed as affecting or intending to affect or in any way to interfere with the laws of the respective States relating to control, appropriation, or distribution of water used in irrigation or for municipal or other uses, or any vested right acquired therein."

POWER OF THE FEDERAL GOVERNMENT OVER DEVELOPMENT AND USE OF WATER POWER

Under this title there will be found in the 1928 Senate hearing on this bill, beginning on page 465, a report made some years ago by Senators Nelson, Root, Chilton, O'Gorman, and Culberson, as a subcommittee of the Judiciary Committee of the Senate. The report deals with the power of the Federal Government over the development and use of water power within the respective States. I quote from their report (p. 466):

"TITLE OF THE STATES IN THE BEDS AND WATERS OF NAVIGABLE STREAMS

"The several States of the Union are each primarily the proprietors of, and have the sovereignty over, the beds and waters of the navigable streams and watercourses within their respective borders, subject only to the rights of the Federal Government under the interstate commerce clause of the Constitution (par. 3, sec. 8, Art. I) and to the rights of the Federal Government as owner of the riparian lands (par. 2, sec. 3, Art. IV), which rights will hereafter be referred to and enlarged upon.

"In the case of Martin v. Waddell (16 Pet. 367), where the question of tidelands and tidewaters was involved, the Supreme Court of the United States makes this clear and comprehensive declaration:

"'For when the Revolution took place the people of each State became themselves sovereign, and in that character hold the absolute right to all their navigable waters, and the soils under them, for their own common use, subject only to the rights since surrendered by the Constitution to the General Government.'

"The same doctrine was laid down by the court in the case of Pollard v. Hagan (3 How. 212), and it was held to apply to the newer States in as full a measure as to the original States of the Union. In this case the court concludes its opinion as follows:

"'By the preceding course of reasoning we have arrived at these general conclusions: First. The shores of navigable waters and the soils under them were not granted by the Constitution to the United States, but were reserved to the States respectively. Second. The new States have the same rights, sovereignty, and jurisdiction over this subject as the original States. Third. The right of the United States to the public land and the power of Congress to make all needful rules and regulations for the sale and disposition thereof conferred no power to grant to the plaintiffs the land (tidewater land) in controversy.'

"In the case of Barney v. Keokuk (94 U. S. 324), Justice Bradley declares that the correct principles were laid down in the foregoing cases, and then adds:

"'These cases related to tidewater, it is true; but they enunciate principles which are equally applicable to all navigable waters.'

"The rule laid down in the foregoing cases is reaffirmed and amplified with the citation of numerous authorities in the case of Shively v. Bowlby (152 U. S. 1)."

The States of Arizona and Nevada have never recognized the common-law rule of riparian rights. Their actions in this respect were concurred in and approved by Congress as they come within the scope of general legislation on the appropriation of water (acts of 1866 and 1870; now sections 2339 and 2340 of the Revised Statutes) and sustained by the Supreme Court of the United States in a long line of decisions.

WATER LAWS OF WESTERN STATES

Kinney on Irrigation and Water Rights says (p. 331):

"In the following States the common-law rule of riparian rights is rejected in toto: Arizona, Colorado, New Mexico, Nevada, Utah, and Wyoming. As the ownership of the beds of fresh-water streams navigable in fact is one of the riparian rights, it follows that this right was also rejected and the ownership of the beds of these streams is in the States under whose jurisdiction these waters flow."

No State in the Colorado River Basin, with the exception of California, either in its capacity as a Territory or as a State, has ever recognized the common-law rule of riparian rights. California has never recognized the riparian doctrine as it relates to that portion of the State bordering upon the Colorado River. The laws of the several States will be found beginning on page 476 of the Senate hearings on S. 728 and S. 1274. The provisions of the constitutions of the several States relating to the appropriation and use of water, together with court decisions sustaining them, are as follows:

"Arizona: The common-law doctrine of riparian water rights shall not obtain or be of any force or effect in the State. (Art. XVII, sec. 1.) All existing rights to the use of any of the waters in the State for all useful or beneficial purposes are hereby recognized and confirmed. (Art. XVII, sec. 2.) (Boquillas Cattle Co. v. Curtis, 213 U. S. 564; Clough v. Wing, 2 Ariz. 371.)

"New Mexico: The unappropriated water of every natural stream, perennial or torrential, within the State of New Mexico, is hereby declared to belong to the public and subject to appropriation for beneficial use. In accordance with the laws of the State, priority of appropriation shall give the better right. (Sec. 2, Art. XVI.) (Trombley v. Luterman, 6 N. Mex. 15.)

"Wyoming: Water being essential to industrial prosperity, of limited amount, and easy of diversion from its natural channel, its control must be in the State, which, in providing for its use, shall equally guard all the various interests involved. (Art. I, sec. 31.)

"The waters of all natural streams, springs, lakes, and other collections of still waters within the boundaries of the State are hereby declared to be the property of the State. (Art. VIII, sec. 1.) (S. 728 and S. 1274, p. 482.) (Farm Investment Co. v. Carpenter, 9 Wyo. 110.)

"Colorado: The waters of every natural stream not heretofore appropriated within the State of Colorado is hereby declared to be the property of the public and the same is dedicated to the use of the people of the State, subject to appropriation as hereinafter provided. (Art. XIV, sec. 5.) (S. 728 and S. 1274, p. 484.) (Yernker v. Nichols, 1 Colo. 151; Coffin v. Left Hand Ditch Co., 6 Colo. 443.)

"California: The use of all water now appropriated or that may hereafter be appropriated for sale, rental, or distribution, is hereby declared to be a public use and subject to the regulations and control of the State in the manner to be prescribed by law. (Art. XIV, sec. 1.) (S. 728 and S. 1274, p. 476.)

"Utah: All existing rights to the use of any of the waters of this State for any useful or beneficial purposes are hereby recognized and confirmed. (Art. XVII, sec. 1.) (S. 728 and S. 1274, p. 481.) (State v. Xalio (4575), Nov. 25, 1927; Stowell v. Johnson, 7 Utah, 215; 26 Pac. 290.)

"Nevada: All natural watercourses and natural lakes and the waters thereof which are not held in private ownership belong to the State and are subject to appropriation for beneficial uses. (Reno Smelting, Milling & Reduction Works v. Stevenson, 20 Nev. 269, 21 Pac. 317, 4 L. R. A. 60, 19 Com. St. Rep. 364.)"

This section is quoted from the State Water Code of Nevada. The constitution of the State is silent upon the use of public water.

A declaration contained in the bill of rights adopted by the Territory of Arizona in 1864—which was two years in advance of the law passed by Congress in July, 1866—recognized that local customs and laws, in addition to the decisions of the courts in the semiarid States of the West, should govern the appropriation and use of water. The section of the Territorial act follows:

"All streams, lakes, and ponds of water capable of being used for the purpose of navigation or irrigation are hereby declared to be public

property, and no individual or corporation shall have the right to appropriate them exclusively to their own private use, except under such equitable regulations and restrictions as the legislature shall provide for that purpose."

A GRAVE MENACE TO TAMPER WITH WATER LAWS

There is a long line of decisions by the courts sustaining this principle, and any attempt by Congress to destroy, directly or indirectly, by subterfuge or by law, the basic and fundamental principles which underlie these provisions of the constitutions and laws of the Western States is fraught with grave danger to them. These principles governing the use of water are founded upon the natural law and should not be disturbed by Congress.

The State of Idaho has provisions in its constitution practically identical with those of the States in the Colorado River Basin and does not recognize the riparian doctrine.

The States of Montana, Oregon, Washington, Nebraska, North Dakota, South Dakota, Oklahoma, Kansas, and Texas have revised their constitutions and laws so that they now accept and enforce the "Doctrine of appropriation and use" of water as distinguished from the riparian doctrine.

The laws and conditions in all of these States will be menaced by any precedents which may be established by the pending legislation.

WATER RIGHTS WERE NEVER RELINQUISHED BY STATES

These principles and rights have never been relinquished by the States to the Federal Government. Gov. George H. Dern, of Utah, in testifying before the Senate Committee on Irrigation and Reclamation (hearings on S. 728, p. 144), stated the situation very forcefully and the menace which would come to the States from tinkering with the water laws of the States by Congress:

"Governor DERN. Congress also recognized the sovereignty of the States over their waters in the Federal water power act, for that act provides that the United States Government shall not grant any permit to use the public lands for the building of a power dam until the applicant has first obtained a permit from the State wherein the dam is to be built, to use its waters and land and has otherwise complied with the laws of the State. The Representatives and Senators from the Western States have always been extremely jealous of the sovereign rights of the States in their waters, and up to this time they have impressed that principle upon every piece of Federal legislation affecting the waters of western streams. It is to be hoped that those in the present Congress will be equally vigilant.

"The pending bills propose an entirely new and revolutionary national policy, and completely reverse the former position of Congress with respect to the waters of western streams. Never before has Congress gone so far as to attempt to appropriate water without the consent of a State. The West has always heretofore seen to it that its sovereign rights were respected.

"Every State has the inherent sovereign right to control the uses of water, which is essential to its existence. To deprive a State of this right would be to destroy its autonomy. Moreover, the original States are conceded by everybody to possess full power to control their waters, save for the regulation of interstate commerce, and to deprive the newer States of this control would take from them that equality with the original States which was guaranteed them when they were admitted into the Union. The arid States in particular, whose water is their very lifeblood, should realize that if they would protect their autonomy they must resist the deliberate and constant pressure of certain enthusiasts for Federal usurpation of State powers."

THE REAL PURPOSE OF THE COLORADO RIVER COMPACT

A full and complete discussion of the history of the compact and the conditions which led up to its negotiation will be found in the 1926 House hearings on the Swing bills (H. R. 6251, 9826), beginning on page 146, in the testimony of Mr. Delph Carpenter, of Colorado.

The real purpose of the Colorado River compact, which is referred to in six sections of this bill (4 (a), 5, 6, 8 (a), 8 (b), 12 (a), 12 (b), 1 (c), 12 (d), and 14), is primarily to conserve for the upper basin States the right to use water which originates in those States. Those States want to retain the water for use in the future.

On page 710 of the Senate hearings on December 15, 1925, on S. 320, is found the following testimony:

"Mr. KENDRICK. Mr. Carpenter, I am not sure whether I understood the full inference about the delay in the development of the lands in the upper basin States. Did you intend to say to the committee in answer to Senator JOHNSON'S question that the ultimate development in these upper basin States would be delayed for 50 or 100 or possibly 200 years?

"Mr. CARPENTER. Yes, sir."

It will therefore be observed that the water is not being reserved to the upper basin States for immediate use. Arizona has not asked that she be accorded the same degree of protection as that accorded the upper basin States, although she is entitled to it. Arizona will have exhausted all the water available for her use long before the upper basin States utilize the water allocated to them. We do demand a measure of protection which will conserve our interests and such protection is not given us by either the compact or by this bill.

This bill (sections 4 (a), 8 (b), and 12) approves the Colorado River compact. That compact allocates annually 7,500,000 acre-feet of water in perpetuity to the upper basin States and retains to them an equity in the undivided surplus.

TITLE VII

THE AVAILABLE WATER SUPPLY IS INADEQUATE FOR ALL

In considering this bill and the Colorado River compact, it is important that we know approximately how much water will be available for the use of the States. The United States Geological Survey is the Government bureau authorized by Congress to study water resources. Mr. E. C. La Rue testified:

"The figures here presented therefore indicate that complete utilization and control of the stream of waters in the upper basin will create a shortage of about 3,800,000 acre-feet in the supply available for the lower basin. More complete data would probably indicate a greater shortage in the water supply available for the irrigation of lands on the lower Colorado. Evidently the flow of the Colorado River and its tributaries is not sufficient to irrigate all the irrigable lands lying within the basin.

"From these estimates it appears that when ultimate irrigation development is reached in the upper basin of the Colorado River there will be a natural shortage of 5,000,000 acre-feet in the lower basin, an amount sufficient to irrigate 1,100,000 acres of land. (Senate hearings on S. 320, December 9, 1925, p. 533.)

"Mr. LA RUE. I might add here that if we consider the 20-year period of low flow, 1886 to 1905, inclusive, we will find that should such a period of drought occur again the water available at Parker, Ariz., would be about 6,570,000 acre-feet annually, the amount required for the needs of the lower basin being 14,714,000 acre-feet. The annual shortage would be 8,145,000 acre-feet. During such a 20-year period there would be less than half enough water to supply the needs of the lower basin. (S. 320, December 9, 1925, p. 533.)

"Mr. LA RUE. If you will agree that we will irrigate 1,000,000 acres in Mexico and let 1,000,000 acres in the United States remain dry, then go ahead and build the Boulder Canyon Dam." (Senate hearings on S. 320, December 9, 1925, p. 545.)

Mr. Herman Stabler, chief of the land classification branch of the United States Geological Survey, made a report from which the following is quoted:

"19. The estimates of water supply and practicable storage for the period 1878–1922 indicate that through long periods not to exceed 12,000,000 acre-feet of water a year may be relied on for future irrigation development above Laguna Dam and for present and future development below that point." (House hearings on H. R. 2903, March 25, 1924, p. 841.)

Mr. O. C. Merrill, executive secretary of the Federal Power Commission, testified as follows:

"It is the opinion of those who have investigated the water resources of the Colorado Basin that there at least is not any surplus of waters for the necessities of irrigation, and that therefore in any general scheme of development of the river care should be exercised not unnecessarily to waste waters which though not needed in this generation are almost certain to be needed in the future." (Senate hearings on S. 320, December 8, 1925, p. 505.)

Col. William Kelly, former chief engineer of the Federal Power Commission, testified:

"Mr. LITTLE. Colonel, before we finish; do you think there is water enough in the Colorado River to irrigate it all?

"Colonel KELLY. There is reason to believe there is not.

"Mr. LITTLE. How much shy?

"Colonel KELLY. I can not say exactly how much is going to be shy, but I am satisfied that counting the lands that can be irrigated in Mexico there is not sufficient water to irrigate all the land.

"Mr. LITTLE. If we omit them there would be plenty of water, would there not?

"Colonel KELLY. There might be enough. There would be some short years." (House hearings on H. R. 2903, April 15, 1924, p. 1249.)

In the report "Problems of Imperial Valley and vicinity" (S. Doc. No. 142, 67th Cong., 2d sess.), on page 37, will be found a table which gives the average annual run-off for the years 1903 to 1920. The report makes an estimate of water available at Boulder Canyon of 16,470,000 acre-feet after allowing for past depletion. But the report admits that the table leaves out a cycle of years of low flow and drought immediately preceding it.

TITLE VIII

DEMANDS UPON THE AVAILABLE WATER SUPPLY

The States of the upper basin—Colorado, New Mexico, Wyoming, and Utah—have reserved for their perpetual use by the Colorado River Co. 7,500,000 acre-feet of water. This is a somewhat larger amount of water than any Federal official has estimated will be required for their use, but Arizona is willing to concede that much water to the upper

basin for use at any time in the future. The evidence concerning the amount of water required for use in the upper basin States is as follows:

	Acre-feet
Col. William Kelly, chief engineer, Federal Power Commission (p. 1258, H. R. 2903, 1924)	6,500,000
E. C. La Rue, hydraulic engineer, U. S. Geological Survey (p. 111, Water Supply Paper No. 556, 1925)	5,815,000
A. P. Davis, director U. S. Reclamation Service (CONGRESSIONAL RECORD, Feb. —, 1923)	6,590,000

Engineers representing the several States of the upper basin have estimated a maximum diversion from the Colorado River and its tributaries in those States of 9,550,000. However, this does not represent the net consumptive use which, with a return flow of 25 per cent, would be 7,200,000 acre-feet.

According to a report made by F. C. Weymouth, chief engineer United States Reclamation Service in February, 1924, it is estimated that there will be available for diversion below Boulder Canyon 9,341,000 acre-feet of water each year. In 1925 the United States Geological Survey reported in Water Supply Paper No. 556 that 9,593,000 acre-feet will be available for irrigation below Boulder Canyon. Both of these figures are based upon estimates of the maximum possible uses of water in the upper basin. In calculating the amount of water which may be put to beneficial use in Nevada, California, Arizona, and Old Mexico after the flow of the Colorado River is completely regulated, it may be said that approximately 9,500,000 acre-feet will be available. It is reported that Mexico is now using about 1,000,000 acre-feet of water, which if conceded to that country by treaty, would leave about 8,500,000 acre-feet available for use in Arizona, Nevada, and California.

Mr. George W. Malone, State engineer of Nevada and secretary of the Colorado River Commission of that State, testified:

"Nevada has claimed 300,000 acre-feet of water to be used within her borders * * *. She could no doubt use more water than is claimed if allowed an unlimited period for development" * * *. (Senate hearings on S. 728 and S. 1274, January 19, 1928, p. 233.)

Mr. H. A. Van Norman, representing the city of Los Angeles, demanded on behalf of that city an amount of water to be pumped annually from the Colorado River Basin to the coastal plain of "1,500 second-feet," which would be 1,095,000 acre-feet. (Senate hearings on S. 728–1274, January 21, 1928, p. 292.)

Mr. Charles L. Childers testified and put in the record the water requirements of the State of California, which, in effect, demand annually 4,600,000 acre-feet of the allotted waters and one-half of any surplus waters in the river. (Senate hearings on S. 728–1274, January 21, 1928, p. 322.)

Prior to 1922 the State of Arizona had made no exhaustive surveys of the land possible of irrigation from the Colorado River. Arizona was busily engaged in developing land in the central portion of the State, upon her own streams, which are tributary of the Colorado.

A reconnaissance survey of Arizona lands was made under Federal Government auspices in 1923, and topographical surveys were begun in 1925, the field work for which was completed in the fall of 1927. These surveys indicate that there is far more land in Arizona, economically feasible of irrigation, than there is water to irrigate it.

Mr. E. C. La Rue, an engineer who was employed by the United States Geological Survey for 23 years, and who was the chairman of the Arizona Engineering Commission appointed by the United States Geological Survey to investigate the irrigational possibilities in Arizona from the Colorado River, offered one plan of development based upon a part gravity and part pump lift, with an estimated cost for power of 7½ mills. He testified (Senate hearings on S. 320, December 9, 1925, p. 564) that water could be delivered to this land at a cost of $168 an acre to over 800,000 acres of land in Arizona. Since that report was made further surveys and studies by engineers employed by Arizona indicate that water can be delivered to at least 1,250,000 acres of land at a cost much less than $168 an acre. With a duty of 4 acre-feet, at least 5,000,000 acre-feet of water must be diverted from the Colorado River to irrigate this Arizona land. (Senate hearings on S. 728, January 17, 1928, pp. 72–74.) But assuming, for the sake of argument only, that it would cost $168 an acre—which seems excessive, for one reason, because power for pumping will not cost 7½ mills—a comparison of this project is invited with the Columbia Basin project recently considered by the Congress.

The hearings on the Columbia Basin project brought out the fact that the cost of irrigating the lands of that project is estimated to be $158 per acre and that project is declared to be practical now.

As to the question of the relative feasibility of projects, your attention is again invited to the testimony of Mr. Carpenter, of Colorado, that it may be 200 years before the water which the upper basin States are asking to have reserved to them will be used in those States. (Senate hearings on S. 320, December 18, 1925, p. 710.)

TITLE IX

THE FLOOD MENACE DOES NOT REQUIRE EMERGENCY ACTION

While it is generally admitted that there is a menace to property values and to property as a result of the floods in the Colorado River, and that flood control is needed at a comparatively early date, the testimony of numerous witnesses is to the effect that development of the river should not be undertaken until a seven-State compact is ratified. In substantiation of this assertion I direct attention to the testimony of the following witnesses:

Governor Emerson, of Wyoming, one of the members of the special advisory board appointed by Secretary Work, testified as follows:

"Few realize the real magnitude of the great project that is proposed at Black or Boulder Canyon—a dam twice as high as any dam that has been constructed in the world heretofore; a reservoir seven or eight times the capacity of any reservoir that has been constructed heretofore. The magnitude of this project is so great that we should be sure we are right before we go ahead. There is no such urgency for relief from conditions applying to the physical situation upon the lower river as to warrant any course but to allow all reasonable time and effort for the completion of the seven-State agreement by the approval of all the seven States." (Senate hearings on S. 728, p. 206.)

Gov. George H. Dern, of Utah, chairman of the Colorado River conference, which was in session for many weeks at Denver, Colo., testified as follows:

"Governor DERN. The question of flood control, of course, is only one of the purposes of this bill. As a matter of fact, one might have sat through the Denver conference without discovering that there was any problem of flood control. It was hardly mentioned at Denver, and there did not seem to be much importance attached to it there. It seems to me that California, by the reservation that she put on her ratification, practically refused to accept flood control. She specifically refused to accept it except by means of one particular project that she herself had selected. It seems to me she practically estopped Congress from giving her flood control except through that one particular project, which Congress might conceivably have found to be unwise. Therefore it seems to me that California has not——

"Senator JOHNSON. How does that explain your answers here?

"Governor DERN (continuing). That California has not exhibited very deep concern over flood control."

(Senate hearings on S. 728, p. 174.)

In this connection your attention is directed to a map which was prepared by Mr. E. C. La Rue, an engineer, who was formerly in the employ of the United States Geological Survey. Mr. La Rue resigned his Government employment last summer, after over 20 years of service, and gave as his reason: "That he was muzzled by the Department of the Interior and forbidden to oppose the legislation proposed in the Swing-Johnson bill," which he has testified he believes to be unsound. The map is one of the studies made by Mr. La Rue in connection with his work and studies on the Colorado River. It indicates that if the entire flow of the Colorado River was turned into the Imperial Valley that it would require about a year and a half for the water level of the Salton Sea to rise as far as the town of Mecca; 12 years before it reached the highest town in the valley, and 15 years to get to sea level.

If the advocates of the Swing-Johnson bill had exercised energy and good judgment, Imperial Valley would to-day have been protected from floods of the Colorado River and the all-American canal would have been nearing completion; but, most unfortunately for Imperial Valley, the advocates of the Swing-Johnson bill have preferred to spend their time and energy in planning how most effectively to exploit Arizona's resources rather than to spend their time and energy in securing the relief which Congress would quickly and amply grant. Just so long as Imperial Valley continues to be beguiled by those urban Pollyannas who seek to acquire Arizona's potential hydroelectric energy, just so long will Imperial Valley be imperiled.

California seeks not flood control but hydroelectric power. Flood control may be the excuse, but power is the substance of the demand for this bill. Arizona has never stood in the way and does not now stand in the way of ample appropriations for flood control on the Colorado River. California has never been willing to have an engineering investigation made of the Colorado River under the terms of section 3 of the flood control act of March 1, 1917.

Politically, financially, industrially, socially, and economically California is one of the most powerful States of the Union, and if her congressional delegation had labored for Imperial Valley along flood-control lines success would have long ago abundantly crowned such efforts.

If the sword of Damocles is suspended over Imperial Valley and if the waters of wrath are held in check only by a tricky guard of sand, let the California delegation but ask for appropriations and the relief prayed for will be promptly granted by Congress.

The writer of this report, in the Senate Committee on Irrigation and Reclamation, offered the following amendment to this bill:

"*Provided*, That the sum of $30,000,000 shall be allocated to flood control, and shall not be reimbursable to the United States."

This amendment was rejected by the committee upon the suggestion of the proponents of this legislation, as was another amendment which directed that the Boulder Canyon Dam be built to only such height as would provide flood control.

TITLE X

AMOUNT OF STORAGE REQUIRED FOR FLOOD CONTROL AND WHAT IT WOULD COST TO PROVIDE SAME

Col. William Kelly, former chief engineer of the Federal Power Commission, graduate of West Point, who served in the Army since 1899, and was former chief assistant to the Chief of Engineers on river and harbor work, secretary of the California Levee Commission, and in charge of the third California Engineering District, which included flood protection on the Sacramento River, also had service overseas and wide experience regarding the handling of streams and embankments, dams and revetment works, flood control and canals, and practically everything that pertains to the handling of water, testified (House hearings on H. R. 2903, pp. 1227, 1228, 1240, April 15, 1924):

"Colonel KELLY. According to the Reclamation Service figures, which check with those of the Geological Survey and those that had been made in my office, 3,200,000 acre-feet of storage, if placed at Laguna Dam, would control the floods in the worst flood season of record so that the maximum flow would not exceed 75,000 second-feet. If that dam be moved upstream certain additional storage must be provided in order to compensate for the storage that exists in the valley now during those high floods * * *. A dam at Mohave 100 feet high will give the storage required * * *. I think such a dam can be built inside of $15,000,000, and that is a very rough guess."

Mr. F. E. Weymouth testified before the Senate committee and gave several alternate plans and the cost thereof for flood control. (Senate hearings on S. 320, p. 479, November 2, 1925.)

"The Reclamation Service worked out a plan for controlling the floods of the Colorado River by building dams at the Dewey site, Bluff site, Flaming Gorge, and at the Juniper site, at an estimated cost of $40,000,000 for the four dams. A dam at the Dewey site could be built for $11,000,000."

The storage at these four sites would be about 9,000,000 acre-feet. (S. Doc. No. 142, 67th Cong., 2d sess., pp. 42, 43.)

"Mr. WEYMOUTH. There has been also a flood-control dam suggested for the Mohave site, but that would cost about $28,000,000 (includes $13,000,000 for flowage damage) for just a flood-control dam. (Hearings on S. 320, November 2, 1925, p. 485.)

"Mr. WEYMOUTH. An eight or ten million acre-feet flood-control dam at Black Canyon would cost $28,000,000. (Senate hearings on S. 320, November 2, 1925, p. 485.)

"Mr. LA RUE. A dam can be built at Glen Canyon in about six years. It will cost about twice as much, but the water will be worth six times as much as the water at Boulder Canyon." (Hearings on S. 320, December 9, 1925, p. 548.)

A dam to store 11,000,000 acre-feet of water can be constructed at Marble Gorge for an estimated cost of $19,000,000. The dam site has been diamond drilled for bedrock. (Senate hearings on S. 728, 1928, p. 463.)

The Marble Gorge Dam site would utilize the same storage facilities as the Glen Canyon site. In addition to being more accessible and with materials for the dam available, it could be constructed for very much less than either the Boulder Canyon or the Glen Canyon Dam. (See Senate hearings on S. 728, p. 463; La Rue-Jakobsen report.)

TITLE XI

IS SAFETY ASSURED?

The proposed dam at Boulder or Black Canyon, as authorized by this act, would be at least 675 feet high. It would be "550 feet above the present water level" and "125 feet below the water level to bedrocks." (A. P. Davis, Senate hearings on S. 320, p. 493.)

There is no dam now in existence comparable with it. It would be equal in height above the water level to the Washington Monument. In this connection the testimony of Col. William Kelly (House hearings on H. R. 2903, April 23, 1924, pp. 1251, 1252) is pertinent:

"Colonel KELLY. As you go up in height the mere weight of the dam itself puts a pressure on the foundations that runs into very large figures. On the Washington Monument that pressure was great enough to cause the stones to sprawl at the edges around the bottom of the monument. * * * In addition to the weight of the structure itself you have the pressure of the water behind it which greatly increases the stresses, especially on the downstream part of the foundation. In order to keep these stresses within reasonable limits the dam has got to be widened out and made very wide at the base."

In this connection I again direct your attention to the fact that the foundations of the dam will be at least 125 feet below the water surface. This is a greater depth than has ever been used as a foundation for any other dam and its total height from bedrock to crest will be 675 feet. Continuing Colonel Kelly's statement, he said:

"Up until a few years ago the usual practice on gravity dams was to keep the maximum stress below 20 tons per square foot. The Reclamation Service in designing some of their higher dams like Arrow Rock, found that in order to comply with that requirement they had to expand the dam at the base to such an extent that the cost became very great. They consequently made use of the arch principle in combination with the gravity section or weight of the dam and allowed a maximum stress of 30 tons per square foot."

The Reclamation Service, evidently in an attempt to keep the estimates of the cost of Boulder Dam within the bounds of reason, felt that it was necessary that some further modification be made, but away from the principle of safety, because, continuing to quote from the testimony of Colonel Kelly:

"In the design of this Boulder Canyon high dam they again found that going up to 600 feet, 30 tons per square foot required a dam of abnormal dimensions, and their design proposes to have an allowable maximum stress of 40 tons per square foot on that 600-foot dam.

The stresses on the St. Francis Dam, which recently collapsed, is reported by press dispatches to be but 12 tons per square foot, or but 30 per cent of the stress proposed for the Boulder Canyon Dam.

Mr. F. H. Newell, former Director of the United States Bureau of Reclamation, in a recent article (March, 1928) on "High dams," stated:

"It is true that each and every one of these structures, big and little, has a limited life. Ultimately each will require renewal or replacement. A dam, like a bridge or similar structure, is in one sense an offense against nature. All of the forces of heat and cold, of wind and water, chemical and physical, are working on it untiring, day and night, in season and out, trying to tear it down. There is no one of these natural forces which is making it stronger."

Mr. W. G. Clark, a consulting engineer of New York City, gave testimony regarding earthquakes in the Boulder Canyon region (House hearings on H. R. 11449, p. 210, February 21, 1925):

"I was in Boulder Canyon when an earthquake occurred. At that time there was a decided movement of the north wall of the canyon, but there was no movement of the south wall. Thousands of tons of rock fell along the north wall of the canyon but there was no fall along the south wall. I was camped on the south side of the canyon and if it were not for the fact that I could see and hear the rock falling on the other side of the canyon I would not have known that an earthquake was in progress.

"Some years later, in 1913, I believe, an earthquake occurred which affected the Imperial Valley. I was in southern California at the time, so went immediately to Boulder Canyon. The same condition had been repeated. I found that thousands of tons of rock had been shaken from the north wall of the canyon, but the south wall remained undisturbed.

"The river apparently runs through a faulty fissure, for in both instances the disturbance was confined to the north side of the canyon at Boulder Wash."

The proposed dam is unprecedented as to height, both above and below water, as will be illustrated by comparing it with the following dams, which are among the highest in the world:

Name of dam	State	Height of dam
		Feet
Pocoima	California	383
Arrow Rock	Idaho	349
Exchequer	California	330
O'Shaughnessy	do	320
Horse Mesa	Arizona	308
Don Pedro	California	284
Lake Cushman	Washington	275
Elephant Butte	New Mexico	275
Olive Bridge	New York	235
Roosevelt	Arizona	225
New Croton	New York	220
Kensico	do	200

These figures are taken from Modern Irrigation, June, 1927.

In the committee I offered the following amendment to the bill in an effort to try to insure, if the dam is to be constructed, a measure of safety to the citizens who live in the valleys below. The proponents of this bill rejected the amendment, which read:

"In order to be sure of the financial, economic, and engineering feasibility of the projects herein authorized or planned, the President is hereby authorized to appoint a board of five competent engineers of outstanding reputation, at least one of whom shall be an engineer officer of the Army, which board shall examine into and review the plans and estimates heretofore made by engineers of the Department of the Interior for the control and utilization of the waters of the Colorado River and report thereon within six months after the approval of this act, and no construction work shall be done or contracted for until said board shall have submitted its report to Congress."

The Boulder Reservoir would hold 700 times as much water as was held by the St. Francis Dam which recently collapsed. I again quote from an article by Mr. Newell:

"Whatever may be the case [St. Francis Dam disaster], the lesson taught is that in all such work there should be a more thorough study than has usually been given to such matters, particularly in connection with the foundation of dams."

Mr. Newell also makes this very pertinent observation concerning the colossal experimental dam now under discussion in Congress:

"How does this apply to propositions now pending before Congress; for example, the Boulder Dam? It is true that considerable time and money have been spent in surveys; various engineers have agreed on

certain fundamentals; those who dissent have held their peace. There is little doubt, however, but that if private capital were proposing to build a structure of this kind there would be continuous study and observation of all the phenomena peculiar to that locality. 'With the valor of ignorance' the Congress, however, is satisfied to discuss the legal or political steps and assume that all of the forces, such, for example, as those which have overthrown the St. Francis Dam, are well enough known. Is it true?"

On pages 821 to 845 of the House hearings on H. R. 2903, March 25, 1924, there will be found a report signed by a group of engineers who were appointed by the Secretary of the Interior to review the report then in process of preparation by the engineers of the Bureau of Reclamation. The report is not favorable to the project as outlined. On page 844 the following language appears: "The need for more facts is the rather astounding conclusion one must reach from the data at hand." The letter of Col. William Kelly, who was one member of the board, found on page 269 of the House hearings on H. R. 5773, 1928, is ample evidence that no great weight or consideration can be given to the report of this so-called "board of review."

The only other board which has made any study of the project was appointed during the summer of 1927 by the Secretary of the Interior and was composed of one governor, one ex-governor, a United States Senator, and two college professors. The gentlemen comprising this commission were all excellent and reputable men. I believe three of them were engineers, but I believe that none of them is recognized as an authority on dam designs and structures or has had any experience in actual dam construction.

A majority of the prominent engineers who have testified concerning their studies of the problems connected with the project, and who have not been employed by the Bureau of Reclamation, have testified against the proposed project because of economic and engineering reasons.

TITLE XII

ALL-AMERICAN CANAL

I have no objection to a canal being built "to connect with the Laguna Dam and to deliver water to the Imperial and Coachella Valleys in California," provided that the lands benefited by the construction of the canal will pay for the cost of the canal and its appurtenant structures, and the maintenance and operation thereof. I do object to the revenues from power resources of Arizona being used to guarantee the cost of the construction of the canal and the maintenance and operation thereof. While I understood it was the sense of the committee that the committee proposed that the bill should provide that the lands benefited by the canal shall carry the necessary costs of that project, the provisions of the bill place the burden of guaranteeing the repayment to the Government of the entire appropriation upon the power to be developed. (Sec. 2 (D) and (E).)

I am particularly impressed with the unfairness of such a proposition from a study of the table found on page 80 of the report (S. Doc. No. 142, 67th Cong., 2d sess.), where it will be found that of the 785,400 acres in the project only 167,100 acres were Government lands at the time the report was made in 1922. It is quite probable that in the last six years a large acreage of these lands have passed into private ownership. It will therefore be observed that the provisions of section 9 which give preference of filing on the land to ex-service men is mostly words. I offered an amendment before the committee that would subject the privately owned lands to the same conditions as lands in other irrigation projects privately owned, so that no water user might secure water for land in excess of 160 acres. This amendment is not included in the bill as it is reported to the Senate.

The estimate submitted to Congress by the Secretary of the Interior about a year ago that the all-American canal would cost approximately $31,000,000 was based only upon the cost of the so-called "first unit" of the canal. The canal would only deliver the water into the Imperial Valley. This act provides for the delivery of water into "the Imperial and Coachella Valleys"; this would require an additional canal 141 miles long at a cost of from $10,000,000 to $12,000,000. (S. Doc. 142, 67th Cong., 2d sess., p. 81.)

Wasting water: The use of water in the Imperial Valley in comparison with water used elsewhere in any other State in the basin will be uneconomical and wasteful.

The amount of water wasted annually into the Saltan Sea, according to the estimate of the United States Geological Survey, when the Imperial Valley is fully irrigated, will be 1,387,000 acre-feet. (Senate hearings on S. 728 and S. 1274, p. 267.) This is more than enough water than is required to irrigate all of the land feasible of irrigation, from the Colorado River in either the State of Wyoming or the State of New Mexico.

California is the only State in which water will be used from the Colorado River where it will be wasted.

It has been contended that the construction of the all-American canal will solve the Mexican problem by enabling the United Stats to divert water into the Salton Sea at certain seasons of the year and by thus denying water to Mexican agriculture prevent Mexico from acquiring water rights in addition to those she may now have.

The fallacy of this argument—if there were no better evidence to prove it to be ridiculous—is indicated by the summary of the conclusions from the report of George F. Holbrook, engineer for the United States Geological Survey. (Report D-100-9-L-15, Department of the Interior, U. S. G. S.) It will be found, page 267, the Senate hearings on this bill, and is as follows:

"REPORT ON PROBABLE FUTURE STAGES OF SALTON SEA

"By George F. Holbrook, assistant engineer, United States Geological Survey

"CONCLUSIONS

"(*a*) Lands bordering on Salton Sea below elevation −240 are worthless from an agricultural point of view. Those between elevation −240 and −230 are worth very little, except in the near vicinity of New and Alamo Rivers. Lands lying between elevations −230 and −220 are generally valuable for farming within the boundaries of the Imperial irrigation district. Outside of the district lands at this elevation are not classified as arable by the Strahorn soil survey.

"(*b*) The contract between the Southern Pacific Co. and the Imperial irrigation district, granting a flowage right of way to the district will be an impediment that will have to be removed before the irrigation district can waste any more water into the Salton Sea than at present.

"(*c*) The maximum amount of storm water that may be expected to flow into Salton Sea in a very wet year is 500,000 acre-feet.

"(*d*) Under present conditions there is being wasted 1.5 acre-feet of water annually per acre irrigated from the Imperial Valley canal system. Upon the completion of the all-American canal conditions affecting the operation of the canal systems in Imperial Valley will be changed. It is not known to what extent these changes will affect the necessity for wasting water from the system. It is believed that the present value of 1.5 acre-feet per acre irrigated is a liberal estimate of the amount likely to be wasted under future conditions. On this basis, with 925,000 acres irrigated, the amount of water wasted into Salton Sea annually would be 1,387,000 acre-feet.

"(*e*) In order to evaporate the amount of water that may be wasted into Salton Sea under conditions of ultimate development an average water-surface area of 239,000 acres will be necessary. This corresponds to elevation −228 feet.

"(*f*) With Salton Sea at an average stage of −228 feet and the possibility always present of storm water raising this level to −225 feet, it is not likely that any lands below the −220-foot contour will have any value for agricultural purposes."

It will therefore be seen that the annual wastage of water into the Salton Sea will be a problem in itself and will raise the water table to such heights that there will not be sufficient capacity to hold sufficient water to deprive Mexico of the use of it, as is alleged to be their purpose by the proponents of this bill.

RIGHTS OF YUMA PROJECT

Any analysis of this legislation would be incomplete that failed to recognize the avidity with which its authors have availed themselves of every opportunity for advantage. The bill is inconsistent and contradictory; it is vague and indefinite where it should be clear and certain; and is harsh and unyielding where it should be flexible. But no point has been overlooked where advantage might be reaped, at whatsoever cost—to others—for the interests it is designed to enrich.

A striking illustration of this may be found in section 10, supplemented, extended, and enlarged by the provisions of section 7.

Section 10 empowers the Secretary of the Interior, with the consent of Imperial irrigation district, to modify the existing contract, dated October 23, 1918, authorizing the use of Laguna Dam for the diversion of water for the irrigation of Imperial Valley. That may appear reasonable enough to the casual observer, since the Secretary of the Interior and Imperial irrigation district are the parties of record to the contract in question. It should be understood, however, that the contract, in all of its details, relates to property rights and interests vital to the welfare and existence of Yuma project.

The Secretary of the Interior is a party to the contract merely in his capacity as an officer of the United States, in which the title to the Yuma project temporarily vests. The contract was the result of long negotiations, in which the negotiating parties were representatives of Imperial irrigation district on one hand and Yuma project on the other.

The protection to Yuma project, as embodied in the completed agreement, was the result of hard labor and determined effort over the attempts on the part of the California representatives seeking, as they now seek, every advantage for themselves. To disturb the status quo of this contract and agreement without the consent of the organization conducting the affairs of the landowners and water users of Yuma project, which originally confirmed its provisions, would constitute a violent outrage of the rights of those water users.

YUMA PROJECT INTERESTS NOT RECOGNIZED

It may be asserted that the Secretary of the Interior will naturally consult the interested project members, or their representatives, before

modifying the contract, as did a previous Secretary of the Interior when the instrument was originally formulated. That does not necessarily follow. Secretaries come and Secretaries go. Secretaries have been known to be partisan. They are human, and humanity is beset with frailty. The water users of Yuma project might indeed be consulted but their protests might go unheeded. In any event, it is proposed to empower the Secretary, with the consent only of one party, viz: The Imperial irrigation district to modify this contract in which Yuma project's very existence is bound up, and the peril that lurks in the provision is clearly shown by the alacrity with which a proposal made in committee for an amendment that would have required the consent of the Yuma County Water Users' Association, was rejected by champions of this bill. The suggestion that Yuma project has any interest in the contract was treated with contempt.

If there were any doubt as to the seriousness of the purpose intended in the authority extended by section 10, it would be removed by turning back to section 7. Taking time and authorization by the forelock, this section, in vital particulars, itself modifies the contract in question.

By the agreement entered into on October 23, 1918 (appendix to House hearings on "All-American canal in Imperial County, Calif., 1922," p. 245), it is declared that Laguna Dam was constructed "in connection with the Yuma project, Arizona-California"; that Imperial irrigation district desires to secure "the right to divert water at said dam"; that the said district is authorized to contract with the United States "for a supply of water"; that the district shall proceed to secure cost data "for the diversion of water" at Laguna Dam and thence "through the existing main canal of the Yuma project" and for a main canal to "connect with said main canal of the United States at a point described as Siphon Drop"; that "for the right to use the Laguna Dam, the main canal, and appurtenant structures, and divert water," the district agrees to pay the sum of $1,600,000; that "the United States shall have and retain perpetually the title to and the complete control, operation, and management of said Laguna Dam, auxiliary works, and enlarged main canal from the dam to and including the Siphon Drop * * *, including the diversion works at Siphon Drop for the diversion and delivery of water to the Yuma project and the district"; that "the United States reserves the right to develop power * * * down to and including Siphon Drop"; that all other power possibilities * * * down to * * * Pilot Knob shall be developed by the United States * * * for the joint benefit of the Yuma project and the Imperial irrigation district, and the cost of joint canal and headworks alterations and of power plants and accessories is definitely apportioned to the United States "for the Yuma project" and to the Imperial irrigation district; that "the preference right to purchase power developed" (between Siphon Drop and Pilot Knob) "shall be given over other users of power to the requirements of the Yuma project for power to be used in pumping irrigation water." Other provisions highly important to Yuma project, relating both to power and to water, are embodied in the contract, which the Secretary of the Interior, with the consent of Imperial irrigation district, is to be given authority to modify. Imperial irrigation district, by the permission heretofore given to it to use the Laguna Dam, thereby gained no proprietary interest in the dam, "auxiliary works and enlarged main canal from the dam to and including the Siphon Drop."

The Yuma project, it should be borne in mind, is not solely an Arizona project, but an Arizona-California project. Down to and including Siphon Drop, at which point the proposed main canal of the Imperial irrigation district is to take off from the Yuma project canal, the district, for the considerations named, obtained simply the right to use, but the title to the dam, appurtenant works, and canal to the point described is not affected by any capital investment therein necessary to be made by Imperial irrigation district in order that it may use Laguna Dam and divert water therefrom for the irrigation of Imperial Valley.

CONTRAST BETWEEN PROVISIONS OF THE CONTRACT AND THE BILL

How different are the provisions of section 7, when taken in conjunction with the authorization to amend contained in section 10 of the proposed legislation.

Section 7 provides:

"That the Secretary of the Interior may, * * * transfer the title to said canal and appurtenant structures to the districts or other agencies of the United States having a beneficial interest therein in proportion to their respective capital investments."

The "canal and appurtenant structures," as defined in this legislation, are "a main canal and appurtenant structures * * * connecting the Laguna Dam with the Imperial and Coachella Valleys in California." The estimated cost thereof is about $42,000,000. It will likely be much more. Yuma project's capital investment in the canal and appurtenant structures from Laguna Dam to Siphon Drop is by comparison inconsequential. To the same extent would its title be insignificant, and this project would be at the tender mercy of Imperial irrigation district.

Keeping the provisions of the contract of October 23, 1918, in mind, this further clause of section 7 is of absorbing interest to the water users of Yuma project:

"The said districts or other agencies shall have the privilege at any time of utilizing by contract or otherwise such power possibilities as may exist upon said canal, in proportion to their respective contributions or obligations toward the capital cost of said canal and appurtenant structures from and including the diversion works to the point where each respective power plant may be located."

USE OF DAM ONLY RIGHT GRANTED

The contract gives to the district only the right to use Laguna Dam and divert water therefrom; reserves to the United States the dam, appurtenant structures, and canal to Siphon Drop, and reserves all power generated down to that point. This legislation completely overturns the protection thus afforded to Yuma project by relinquishing such power possibilities "as may exist upon said canal" to districts "in proportion to their respective contributions or obligations toward the capital cost of said canal and appurtenant structures from and including the diversion works to the point where each respective power plant may be located."

Inasmuch as Yuma project under the operation of this measure will have no capital investment beyond Siphon Drop and a relatively small one down to that point, it again becomes apparent that Yuma project, if the proponents of this legislation have their way, must shrink to the status of a very small toad in a very large pond—an all-California pond. Laguna Dam was constructed for the Yuma project. It is a part—a vital part—thereof, and its independent control is essential to the project's prosperous existence. But under the plan proposed it will pass to and under the control of Imperial irrigation district. The contract of 1918, which gave to an eager and importunate applicant—Imperial irrigation district—simply the right to use the dam and divert water therefrom, is of inestimable value to that district, for it is the key to an Imperial Valley canal, all on American soil, and opens the way to extensive revenue-producing power development, the emoluments of which will accrue to the Imperial irrigation district and contribute to its enrichment. But it would appear as if this is not sufficient. All is not too much. A limited right is, by this bill, to be converted into outright ownership, and Yuma project's power resources, slight at best but sorely needed, are to be taken away.

TITLE XIII

CONDITIONS UNDER WHICH HYDROELECTRIC POWER IS NOW BEING DEVELOPED BY THE GOVERNMENT

Advocates of the Boulder Canyon project assert that no precedent would be established by the enactment of the pending legislation. It is argued that the Government is now engaged in the production and sale of hydroelectric power at Muscle Shoals, the various dams constructed in navigable rivers, and on several projects constructed by the United States Bureau of Reclamation.

The Congress of the United States, acting under the authority of Article I, section 8, paragraph 1, of the Constitution, "to provide for the common defense and general welfare of the United States," authorized, and, at the earnest solicitation of the Senators and Representatives of the State of Alabama, constructed a dam at Muscle Shoals, Ala., for the primary purpose of developing hydroelectric power to manufacture air nitrates to be used in the manufacture of explosives for the defense of the United States. All other uses of the dam and the power generated thereat are incidental to this primary purpose. Therefore the Muscle Shoals project furnishes no precedent for this legislation.

The Congress of the United States has authorized, and the Government has constructed, dams in navigable streams in various sections of the United States. A list of these projects will be found in the Senate hearings on this measure. (Senate hearings on S. 728, pp. 486 and 487.) These dams were all constructed under the authority granted to Congress by Article I, section 8, paragraph 3, of the Constitution to regulate commerce with foreign nations and among the several States and with Indian tribes."

The primary purpose for the construction of the dams which were built under this authority was to improve navigation and the excess water which resulted from this primary work was used for the development of power and was incidental to the operation of the dams for purposes of navigation. No precedent can be found under this authority for the enactment of the pending bill.

The Government of the United States has constructed, under the authority of the reclamation law, a number of power plants on Federal reclamation projects. A list of these projects will be found in the Senate hearings held this year on S. 728, on page 262. The power installed on all of these irrigation projects covered in the report, is only 55,000 horsepower. The power, in the first instance, was installed to aid in the construction of the projects and is used as incidental to and in connection with the construction, maintenance, and operation of the projects. The power plants were installed with the consent of and in compliance with the laws of the States in which the projects are located. That legislation does not afford a precedent for the pending act. For further information see the letter of the Federal Power Commission in this report.

TITLE XIV

PRECEDENTS FOR THE RIGHT OF STATES TO DERIVE REVENUE IN LIEU OF TAXES

It has long been the settled policy of the Federal Government to recognize the right of the States to derive revenue from their natural resources when these resources are on public lands.

The importance of this principle is manifest when it is considered that the Government controls large areas of the Western States as public lands, forest reserves, oil reserves, mineral reserves, Indian reservations, national parks, and monuments, etc.

The Federal Government owns 74 per cent of the area of Utah, 67 per cent of Arizona, 87 per cent of Nevada, and 63 per cent of Idaho.

Congress has provided for payments to the States in lieu of taxes in other instances, as, for example, in the agricultural appropriation act of May 23, 1908 (35 Stat. 260), which directs the Secretary of Agriculture to turn over one-quarter of the total receipts from the national forests to the States in which the same are located:

"That hereafter 25 per cent of all money received from each forest reserve during any fiscal year, including the year ending June 30, 1908, shall be paid at the end thereof by the Secretary of the Treasury to the State or Territory in which said reserve is situated, to be expended as the State or Territorial legislature may prescribe for the benefit of the public schools and public roads of the county or counties in which the forest reserve is situated: *Provided*, That when any forest reserve is in more than one State or Territory or county the distributive share to each from the proceeds of said reserve shall be proportional to its area therein."

In addition, the act of March 4, 1913 (37 Stat. 843), directs that a tenth of these same receipts shall be devoted to the construction of roads and trails within the forest reserves of the States where collected, so that the States actually benefit to the extent of 35 per cent of the gross Federal income from the national forests.

"That hereafter an additional 10 per cent of all moneys received from the national forests during each fiscal year shall be available at the end thereof, to be expended by the Secretary of Agriculture for the construction and maintenance of roads and trails within the national forests in the States from which such proceeds are derived; but the Secretary of Agriculture may, whenever practicable, in the construction and maintenance of such roads, secure the cooperation or aid of the proper State or Territorial authorities in the furtherance of any system of highways of which such roads may be made a part."

The act to promote the mining for coal, phosphate, oil, oil shale, gas, and sodium on the public domain (41 Stat. 450) specifically directs that 37½ per cent of all royalties collected shall be paid to the State within which the leased lands are located. Section 35 of that act reads:

"SEC. 35. That 10 per centum of all money received from sales, bonuses, royalties, and rentals under the provisions of this act, excepting those from Alaska, shall be paid into the Treasury of the United States and credited to miscellaneous receipts; for past production 70 per centum, and for future production 52½ per centum of the amounts derived from such bonuses, royalties, and rentals shall be paid into, reserved, and appropriated as a part of the reclamation fund created by the act of Congress, known as the reclamation act, approved June 17, 1902, and for past production 20 per centum, and for future production 37½ per centum of the amounts derived from such bonuses, royalties, and rentals shall be paid by the Secretary of the Treasury after the expiration of each fiscal year to the State within the boundaries of which the leased lands or deposits are or were located, said moneys to be used by such State or subdivisions thereof for the construction and maintenance of public roads or for the support of public schools or other public educational institutions, as the legislature of the State may direct: *Provided*, That all moneys which may accrue to the United States under the provisions of this act from lands within the naval petroleum reserves shall be deposited in the Treasury as miscellaneous receipts."

The same principle is recognized in the Federal water power act of June 10, 1920 (41 Stat. 1072), from which this provision is quoted:

"SEC. 17. That all proceeds from any Indian reservation shall be placed to the credit of the Indians of such reservation. All other charges arising from licenses hereunder shall be paid into the Treasury of the United States, subject to the following distribution: Twelve and one-half per centum thereof is hereby appropriated to be paid into the Treasury of the United States and credited to miscellaneous receipts; 50 per centum of the charges arising from licenses hereunder for the occupancy and use of public lands, national monuments, national forests, and national parks shall be paid into, reserved, and appropriated as a part of the reclamation fund created by the act of Congress known as the reclamation act, approved June 17, 1902; and 37½ per centum of the charges arising from licenses hereunder for the occupancy and use of national forests, national parks, public lands, and national monuments, from development within the boundaries of any State shall be paid by the Secretary of the Treasury to such State; and 50 per centum of the charges arising from all other licenses hereunder is hereby reserved and appropriated as a special fund in the Treasury to be expended under the direction of the Secretary of War in the maintenance and operation of dams and other navigation structures owned by the United States or in the construction, maintenance, or operation of headwater or other improvements of navigable waters of the United States."

TITLE XV

THE QUESTION OF THE RIGHT TO TAX

There is some question of whether a decision on the part of the Federal Government to engage in the production and distribution of hydroelectric power would come within what might be termed a proper function of government; and the question has been raised whether, if it were found that the development and sale of power for commercial purposes was not a proper governmental function, it would exempt such a Government enterprise from the taxing power of the States.

The State of South Carolina, some years ago, engaged in the liquor business and maintained dispensaries. The United States Government claimed the right to tax this enterprise and set up the claim that the operation of dispensaries was not a governmental function and therefore that the State must pay the internal-revenue tax on intoxicating liquors. The State of South Carolina claimed that as a State it was not required to pay the Federal revenue tax and appealed to the United States Supreme Court on this issue. (South Carolina *v.* United States, 199 U. S. 437.) The court held that the State must pay to the Government the revenue taxes; that otherwise the State might go into every kind of business and thereby deprive the Federal Government of all of its revenues.

The minority opinion in this case, written by Chief Justice White, is very illuminating and is here referred to because of the strength of its reasoning. The opinion suggests that the rule applied in this case against the State of South Carolina must necessarily be applied against the United States in the event that the Federal Government engages in enterprises which are not proper functions of government.

If forsooth the Federal Government engages in the manufacture of hydroelectric power within a State and it is found to be not a governmental function, the State, under this opinion, should be entitled to tax the enterprise.

This question which has been raised in connection with this bill is of more importance than it appears on the surface. There are 4,000,000 horsepower of hydroelectric energy yet to be developed in Arizona. The policy which is being advocated by powerful men in the Senate, that the undeveloped hydroelectric power in this country should be developed by the Government, and some of the advocates of this theory grow vehement in their opposition to the States deriving any revenue from such power, if developed by the Government, is fraught with danger to the States and particularly to a State situated similar to Arizona.

TITLE XVI

THE SILT QUESTION

It is 325 miles from the Boulder Canyon Dam site to the Laguna diversion dam. The river meanders through lowlands and the silt control which it is alleged that this dam will provide will not be accomplished, because the water after it leaves the dam will again pick up its burden of silt and carry it toward the Delta.

TITLE XVII

VIEWS OF THE FEDERAL POWER COMMISSION

Attention is directed to the letter signed by Secretaries Work, Weeks, and Wallace of the Federal Power Commission, dated March 24, 1924, which will be found in the 1924 House hearings on H. R. 2903, beginning on page 1000. The letter discusses a dam 605 feet above the present water surface instead of the proposed dam, 550 feet above the water surface and 125 feet below the water surface. The discussion of the project by these Cabinet members remains pertinent, however. A reference to this letter and to the Fall-Davis report will disclose that the appropriation authorized falls short by about $11,000,000 of enough money to build the canal to deliver water to Coachella Valley:

MARCH 24, 1924.

DEAR MR. SMITH: Reference is made to your letter of February 26, addressed to the executive secretary of the Federal Power Commission, suggesting that the commission might like to express an opinion concerning H. R. 2903, a bill to provide for the protection and development of the lower Colorado River Basin.

We do not desire at this time to discuss details of the proposed legislation, but believe it appropriate to call attention to certain general considerations with respect to the plan of development proposed and to the public policy expressed or implied in the bill.

The bill proposes the construction of a dam and reservoir at or near Boulder Canyon on the Colorado River, the so-called all-American canal, certain specified extensions therefrom, and certain unspecified canals and other structures, such works to provide for flood protection of the Imperial Valley and lands along the lower Colorado River for irrigation of both publicly and privately owned lands in California, Arizona, and Nevada, and for making water and head available for the

development of hydroelectric power. The bill authorizes the appropriation of $70,000,000 for these purposes. Estimates of the Bureau of Reclamation indicate that the construction of Boulder Canyon Dam to a height of 605 feet above low water and with a capacity of 34,000,000 acre-feet will involve at least $50,000,000; that the construction of the all-American canal and extensions will involve $31,000,000, and the necessary distributing system $15,000,000, or a total of $96,000,000. The obligations involved in the other authorized canals for serving lands in Nevada and Arizona are unknown. These figures do not include power houses, high-tension substations and equipment, estimated at $36,000,000, or transmission lines, estimated at $46,000,000—a total of $82,000,000 more. It is unsafe to assume that the entire project—flood control, irrigation, and power development—can be secured in its entirety for less than $200,000,000, to which must be added millions of dollars of accumulated interest charges during the period of construction.

Flood control and irrigation storage are presumed to be the primary purposes for which it is proposed to construct the dam at Boulder Canyon. While there are differences of opinion with respect to the amount of storage actually required for these purposes, it is agreed that 8,000,000 acre-feet is the maximum required, and it is probable that 4,000,000 feet would be reasonably adequate. The nearer the reservoir is installed to the lands to be protected or irrigated, the more satisfactorily will it serve the purposes of flood control and irrigation. Information recently made available indicates that a reservoir of sufficient capacity to serve all the needs of flood control and irrigation could be located on the river some 100 miles nearer the lands to be served and at a cost of not more than one-half that of the proposed high dam at Boulder Canyon. If this is correct, the location of the dam at Boulder Canyon and its construction to the height proposed must be justified, if at all, wholly from the standpoint of the development of electric power.

In the consideration which has so far been given to the Colorado River there has been too much of a tendency to overlook any other aspect than the flood protection and irrigation of the Imperial Valley. Admittedly this is the acute problem and requires early action, but there is no justification for ignoring other problems which require solution and for failing to plan accordingly. A reservoir for flood control or irrigation is more useful if located at the foot of the canyon section. With respect to power development, a reservoir at that site is useful for the one power development only, and is useless in connection with all power developments above it—some 75 per cent of the total in the section. Reservoirs at the head of the canyon section of sufficient capacity completely to regulate the river must eventually be built if the full power resources are to be utilized. When this is done, reservoirs on the lower river will be useful only for reregulation for irrigation. For this reason dams should be located and their heights determined, so as to provide for full use of the available head and so as to avoid evaporation losses as far as possible. A dam of 605 feet height at Boulder Canyon, as proposed, is not adapted to the accomplishment of these purposes.

The bill proposes that the cost of irrigation canals and appurtenant structures shall be reimbursed to the United States by the lands benefited and that the costs of flood control and irrigation storage as effected by the dam to be constructed shall be repaid by leases of rights in the dam for power purposes; that is, that such costs shall be charged not against the lands benefited but against users of power, the great majority of whom receive no benefit from either flood control or irrigation.

The United States has spent many millions of dollars in internal improvements without reimbursement, particularly on river and harbor improvements and on public highways. These expenditures have been for the primary purpose of facilitating interstate commerce, and on the theory that such a policy was a common public benefit properly chargeable against the taxpayers of the entire Nation. Whether the benefits received from such a policy are in fact nation-wide, the policy is far less questionable than that of charging the costs of an improvement admittedly benefiting a limited area not against the area benefited and not against the Nation as a whole but against individuals and industries for the most part wholly unrelated to the area benefited. We are doubtful of the propriety or equity of so charging the cost of flood control and irrigation storage, whether the construction be financed by private or public capital. If a dam be so located and built as to provide sufficient storage for flood control and irrigation and for a reasonable amount of power, the cost of flood control and irrigation storage if allocated in the ration of storage space reserved for these purposes apparently need not exceed $10 per acre for the area protected and irrigated.

In so far, at least, as the project proposed exceeds the requirements of flood control and irrigation, the bill proposes that the United States undertake a new national activity, namely, the business of constructing facilities for production of electric power for general disposition, an activity which if logically pursued has possibilities of demands upon the Federal Treasury in amounts far beyond those now involved in reclamation and highway construction combined. While the United States has heretofore constructed power developments in connection with irrigation projects, these developments have been merely incidental to the projects, have been of a few thousand horsepower only, and have been primarily for use on the projects themselves. The construction of a reservoir having a capacity of from four to eight times the needs of irrigation and flood control and of a power development twenty times in excess of the probable power needs of the irrigated lands and adjacent communities is a complete departure from former policies. The only undertaking by the United States at all comparable in magnitude with the proposals at Boulder Canyon is at Muscle Shoals, and this project was undertaken to furnish munitions in time of war. In so far as it was to serve the needs of peace, it was to furnish an essential commodity for all sections of the United States and was not for the special benefit of a limited area.

If the United States is to embark upon a general policy of public development of electric energy at Federal expense, it should do so only after full consideration of what the step means. The present investment in the United States in central electric stations—that is, in those plants engaged in developing electric power for general distribution and sale—is approximately $4,500,000,000. That investment will require to be more than doubled in the next 10 years if the demands of industry are to be met. A policy of Federal development would therefore require continuous expenditures of not less than one-half billion dollars per annum, for it could not be expected, in the face of such a policy supported by Government funds and with tax-exempt properties, that private industry could afford to put any additional investment into the central-station business. Under such circumstances we must assume that any such a policy or program of Federal activities is impracticable and undesirable.

If the proposal in H. R. 2903 with respect to power development is not the first step in a general program of like undertakings, it can be justified only on the clear proof that peculiar conditions in this particular case, conditions not prevailing elsewhere, justify the Federal Government in taking action that it does not propose to duplicate elsewhere. Such action can not rest on the ground that the Federal Treasury is the only available sources of funds, for private funds are available now, and have been for several years, to undertake immediately such development as is justified by the needs of flood control, irrigation, and energy supply; or on the ground that the territory to which the greater part of the power must be delivered is in any immediate need of added power, for that territory is already better supplied and at a cheaper rate than any similar territory in the United States. It has been argued that the United States should finance this power development because with a lower interest rate, absence of profit, and freedom from taxation power could be delivered at a less cost than if developed by private capital. This is by no means a necessary conclusion, but even if it were, electric power in only one element in industry, and if Federal financing is justified in the present case on such grounds it is similarly justified in all other cases and in all branches of industry. With the authority that exists in the States and in the United States to regulate and control private or municipal power development, distribution, and sale, we do not believe that the United States should undertake such development unless it can be clearly shown that the development can not otherwise be had.

In 1920, after many years of consideration, Congress adopted a general national policy with respect to power development on sites under Federal control. That policy has been attended with marked success. Millions of horsepower are being constructed under the terms of the Federal water power act. These sites are being held in public ownership under public control, with every essential public interest protected. There is no occasion for going outside of the terms of that act to secure the production of all the electric energy required at terms fair both to the developer and the user. Under such circumstances we do not deem it desirable to enact special legislation modifying the established policy by giving to any individual, corporation, or community special privileges not accorded to all.

Congress also, in the Federal water power act, created a single executive agency for the administration of all water powers under Federal ownership or control. The plan thus adopted is proving eminently satisfactory. We believe any change in such method of administration is undesirable, and therefore, whether the Boulder Canyon Dam or some other be built and whether at public or private expense, we believe the disposition of any power developed should be handled by the Federal Power Commission under the general terms of the Federal water power act and not as proposed in the bill. All interests of the Department of the Interior will be adequately met through the membership of the Secretary of the Interior on the commission.

There are two other considerations which should not be overlooked in dealing with the Colorado River. These are the Colorado River compact and the use of water in Mexico.

The Colorado River compact, negotiated for the purpose of determining by mutual agreement rather than by litigation the allocation of the waters of the river between the several States in the basin, has been ratified by all the States except Arizona. This compact we believe of primary importance in any comprehensive plan of development of the river. Until it is ratified, or it is known that it can not be ratified, we doubt the advisability of the establishment through con-

struction of rights in the lower States of such magnitude as would be involved in the proposed storage at Boulder Canyon.

The regulation of the Colorado River to the extent proposed by the Boulder Canyon Dam will produce in the lower river a minimum discharge far in excess of present irrigation requirements in the United States. The surplus waters will pass into Mexico and will undoubtedly be put to use for irrigation there. Once put to use, their subsequent withdrawal for use elsewhere would be difficult, if not impracticable. It would therefore seem highly desirable to reach a general agreement with Mexico on the problem of the lower river before extensive storage is provided in the United States. The construction of the all-American canal will not obviate the necessity of constant dealings with Mexico in connection with irrigation or protection of lands in the United States. Irrespective of the amount of flood-control storage in the United States, it will, for many years at least, be necessary in the protection of the Imperial Valley to maintain levees and revetments in Mexico, and arrangements must be effected whereby this work can be carried on whenever necessary without interference.

Very truly yours,

JOHN W. WEEKS,
Secretary of War, Chairman.
HUBERT WORK,
Secretary of the Interior.
HENRY C. WALLACE,
Secretary of Agriculture.

IN CONCLUSION

The great point at issue is whether or not the States are sovereign over their waters, subject only to the right of Congress to legislate for the improvement of navigation.

Arizona can not, under any circumstances, yield her right to an equitable share of the waters of the Colorado River available for use in the lower-basin States. This water is absolutely essential to Arizona's development. It represents the only possibility of the reclamation of a large tract of her arid but exceedingly fertile and otherwise highly favored land. It means, at some time in the not remote future, population, homes, taxable wealth, prosperity, and the subsisting of peoples. Aside from the question of the rights of States and of geographical boundaries, the deprivation of this land of an opportunity for development would mean a tremendous economic waste, both in the production of crops and in the duty of water.

Arizona has 1,500,000 acres of land easily susceptible of irrigation from the main stream of the Colorado River. It is land highly favored both by soil and climatic conditions and lies adjacent to the Colorado and Gila Rivers in the southwestern portion of Arizona. It requires only water to make it tremendously productive of crops of a highly valuable character, and which can be produced only to a limited extent in the United States. This land drains back into the Colorado and Gila Rivers and its irrigation will therefore result in a return flow, and in an important saving of water over the irrigation of land having no drainage, where the water actually used on the land as well as the surplus flowing in the canal is forever lost. Through engineering feats of the greatest proportions all of the water of the Colorado River might be placed by gravity upon Arizona land, but no questionable engineering feat is involved in the utilization of Arizona's fair division of the water available for use in the States of the lower division. This is Arizona's claim, which she presents for the consideration of all who are fairly disposed toward the principle of equity and justice. It may be true that with only one-half of the water in the lower basin at her disposal, some of California's desert land could not be watered. If so, no hardship would be suffered by that State which would not likewise be visited upon Arizona. If some acreage must forever be arid, there is no sound reason why Arizona should be singled out to bear the burden and the loss.

This bill is a reckless and relentless assault upon Arizona. It may indeed appeal to some as a project of superb magnitude, but the bill is ruthless and cynical. It swarms with cryptic phrases. It is not the voice of compromise or an extension of the hand of amity and friendship.

I decline to support such a bill.

Respectfully submitted.

HENRY F. ASHURST.

PHOENIX, ARIZ., *April 5, 1928.*

Mr. THOMAS MADDOCK,
Colorado River Commissioner, Washington, D. C.:

DEAR MR. MADDOCK: I desire to amplify the telegram I sent you yesterday relative to the Swing-Johnson bill.

I find nothing in the amendments inserted in the bill by the Senate committee that is of substantial benefit to Arizona. The following will express to you my ideas with reference to the interpretation of the bill:

1. I doubt if the bill requires the Imperial Valley lands to pay back to the United States the costs of constructing the all-American canal. Section 1, lines 13 to 17, page 2, provides that the expenditures for said main canal and appurtenant structures shall be reimbursable as provided in the reclamation law. I presume that this provision is represented as fastening the costs of the all-American canal definitely upon the Imperial Valley lands. It does not necessarily have any such effect. You know that on the Salt River Project, which is constructed and operated under the reclamation law, we use the power profits to apply on both construction and operation costs. The Swing-Johnson bill in its present form does not make the all-American canal a project separate and distinct from the Boulder Canyon Dam.

Section 2, lines 5 to 8, page 3, provides that revenues received in carrying out the provisions of this act shall be paid into and expenditures shall be made out of the fund under the direction of the Secretary of the Interior.

Section 4, line 20, page 5, to line 4, page 6, provides that the Secretary of the Interior shall make provision for revenues by contract adequate in his judgment to insure payment of all expenses of operation and maintenance, and the repayment within 50 years from the date of the completion of the project of all amounts advanced to the fund made reimbursable under the act.

Section 4, lines 5 to 12, page 6, provides that if the Secretary of the Interior receives revenues in excess of the amount necessary to meet payments to the United States, the State of Arizona shall receive 18¾ per cent and the State of Nevada 18¾ per cent of such revenues.

Section 5, line 18, page 6, to line 2, page 7, speaks of charges that will provide power revenues and other revenues accruing under the reclamation law without making any segregation thereof. In view of the fact that section 1, lines 2 and 3, declare that it is a purpose of the bill to make the project a self-supporting and financially solvent undertaking, and the fact that every provision in the bill upon the subject fails to definitely segregate the all-American canal from the Boulder Canyon Dam, I am convinced that it is the purpose of the bill to make the power revenues available for paying any deficiency that may occur by reason of failure to collect charges from the lands.

2. The new provision inserted in section 1, lines 15 to 17, page 2, to the effect "that no charge shall be made" for water, or for the use, storage, or delivery of water for irrigation, or water for potable purposes, taken together with the provision in section 5, lines 15 and 17, authorizing the Secretary to contract for the storage of water and for the delivery thereof at such points on the river and on said canal as may be agreed upon for irrigation and domestic uses, seems clearly to contemplate that the expense of maintaining and operating the all-American canal, as well as the expenses of maintaining and operating the Boulder Canyon dam reservoir, shall be paid out of the power profits. This seems to be a further provision to make sure that there will be no profits from power to go to Arizona and Nevada. The provision seems to be too plain to admit of doubt, for it expressly states that no charge shall be made for delivery of water for irrigation, and elsewhere in the bill it is provided that the Secretary may contract to deliver water at points on the canal.

3. The provision for power revenues to Arizona and Nevada, in section 4, lines 5 to 12, page 6, clearly gives said States of Arizona and Nevada only the surplus that may remain. There is no duty on anyone to endeavor to obtain such surplus. Furthermore, the payments are expressly limited to the amortization period. By section 5, lines 16 to 19, page 7, after the repayments to the United States are completed, all of such power revenues are subject to such distribution as Congress may make of the same.

4. The provision in section 7, line 25, page 12, to line 14, page 13, gives to California districts the absolute right to the net proceeds of power produced on the all-American canal, and said districts are probably given the privilege to reduce their annual payments by the annual application of the same. After the repayments to the United States are fully made, the receipts from such power become the property of such districts. The question arises, Why does power produced on California soil belong to the State of California and power produced on the soil of the States of Arizona and Nevada become the property of the United States to be used for the benefit of California?

Section 10, lines 1 to 7, page 18, authorizes the Secretary to deprive the Yuma project of some of the power rights it now has under the contract with the Imperial irrigation district.

5. The provisions in section 5, line 12, page 9, to line 10, page 10, which gives the three States of Arizona, California, and Nevada the preference right to one-third each of the power produced at the Boulder Canyon Dam is limited in its exercise to a period of six months, is limited for use in the State, and is for the price that any other users will have to pay. It places Arizona and Nevada in competition with California, and does not protect their needs for future development in any way. The use of the power purchased by such States is carefully limited to use in the State so that no resale thereof can be made in California, and the price to the States is not the cost of producing the power but is the price at which power will be sold to private users.

6. Section 9, lines 16 and 17, page 16, requires the public lands that will be irrigated by the waters of the project to be practicable of irrigation and reclamation by the irrigation works authorized by the act. As the all-American canal is the only canal authorized, this apparently limits the public lands to be irrigated to the public lands lying along that canal.

Section 9, line 23, page 16, to line 6, page 17, requires that the entrymen of public lands irrigated from said project to pay the equitable share of the construction costs of said canal and appurtenant structures. The words "said canal" must necessarily refer to the all-American canal. It seems plain that the bill is not intended to provide for the irrigation of any public lands in the State of Arizona.

7. Section 12, line 10, page 20, to line 11, page 21, provides that all rights to waters of the Colorado River and its tributaries shall be subject to the Colorado River compact, and section 8, line 7, page 14, to line 4, page 15, provides that the operation of the dam, reservoirs, canals, and other works, and the appropriation, delivery, and use of water for the generation of power, irrigation, and other uses, shall be controlled by the Colorado River compact and any supplementary compact that Arizona, California, and Nevada, or any two thereof, may agree upon. To this three-State compact, however, Congress must give its consent by a further act.

8. The provisions of section 5, line 6 to line 12, page 7, which purport to protect the upper basin States against overappropriation by California, are of no value to the upper basin States whatsoever, because by referring to line 15, page 6, we note that the subject of the contracts is the storage of water in the reservoir and the delivery thereof, and by referring to line 4, page 7, we note that said contracts shall not provide for an aggregate annual consumptive use in California of more than 4,600,000 acre-feet of the water allocated to the lower basin. The said contracts referred to in line 4, page 7, are the contracts authorized in lines 15 and 16, page 6, to wit, contracts for the storage of water in said reservoir and for the delivery thereof. The word "thereof" after "delivery" refers to the water to the storage of which the contract refers. The result is that the 4,600,000 acre-feet of water to which California is limited do not include existing appropriations in California. This argument may not be wholly conclusive, but since the provision is intended to be a limitation upon the right of appropriation of California, we can not help but feel that it is worded as it is for the express purpose of not binding the State.

9. With reference to the same provisions, to wit, section 5, line 14, page 6, to line 12, page 7, it seems unnecessary to point out what has so often been discussed, that the unallocated water includes the water in the Arizona tributaries and that this provision leaves it open to California to receive one-half of the water of the tributaries of Arizona, besides leaving such tributary water the first to be called upon to supply Mexico.

10. Section 12, line 10, page 20, to line 11, page 21, retains the provision in the original bill, to the effect that all rights of way or other privileges from the United States or under its authority necessary or convenient for the use of the waters of the Colorado River or its tributaries shall be subject to the Colorado River compact. This includes rights of way over public lands that are from time to time necessary on the projects on the tributaries in Arizona, including the Salt River project, the Yuma project, the San Carlos project, as well as minor projects on the Little Colorado.

11. I believe the bill to be unconstitutional because in section 1, lines 4 and 5, page 2, and section 4, lines 7 to 18, page 5, section 5, lines 7 to 9, page 7, and section 8, line 21, page 13, to line 6, page 14, and section 12, line 13, page 19, to line 11, page 21, the State of Arizona is attempted to be subjected to the Colorado River compact just as if it had become a party to the compact. I believe that a sovereign State possesses the right to enter into a compact or to refrain from entering into a compact at its pleasure.

12. Furthermore, I believe the bill to be unconstitutional because in section 8, line 7, page 14, to line 4, page 15, it is attempted to force one of the three sovereign States into a compact agreed upon by the other two.

13. Furthermore, I believe the bill to be unconstitutional because it can not be sustained as a reclamation measure against the will of the States in which the works are to be constructed, and it can not be sustained as a measure to regulate commerce for the reason that while in section 1, line 3, page 1, and in section 6, line 8, page 11, the bill purports that one of its purposes is to improve navigation, the references in the bill above mentioned to the Colorado River compact show that the purpose of the bill is to carry out the provisions of the Colorado River compact, and subdivision (a) of Article IV of said Colorado River compact contains the following declaration:

"Inasmuch as the Colorado River has ceased to be navigable for commerce and the reservation of its water for navigation would seriously limit the development of its basin, the use of its waters for purposes of navigation shall be subservient to the uses of such water for domestic, agricultural, and power purposes."

Thus, it appears upon the face of the bill itself that the declaration that one of its purposes is to improve navigation is not true. Its actual purpose is to destroy the navigability of the river for the development of the basin by agriculture and the development of power.

Very truly yours,

(Signed) JOHN L. GUST,
Attorney for Salt River Valley Water Users' Association.

[Extracts from speech of Hon. Dwight B. Heard, proprietor and publisher of The Arizona Republican]

Expressing the belief that governmental development of the Colorado River along lines which fully protect the interests of Arizona in the stream is the most feasible river plan, Dwight B. Heard, yesterday summed up in a clear, concise manner the present status of the question and outlined the course he believes the people of this State should follow. Mr. Heard's address was made at a luncheon held at the Masonic Temple for delegates to the fifth annual meeting of the Arizona State Horticultural Society.

Mr. Heard declared that the people of the State should get solidly behind their congressional delegation and cooperate in a plan wherein Arizona's rights are protected, particularly with reference to revenue from power generated within the borders of the State.

By means of maps and charts Mr. Heard depicted graphically why the river is the State's greatest asset, showing that 300 miles of the river lie in Arizona and that in that distance it has a fall of 2,369 feet, draining an area of 242,000 square miles.

"We want the river harnessed," Mr. Heard said, "but on a just basis, which must include the revenue to which we are entitled on power developed within the State. During recent conferences in Washington and elsewhere, a great many constructive ideas were suggested and these have been embodied in an amendment to the Swing-Johnson bill offered by the Arizona congressional delegation.

"Arizona has constitutional rights in the river which were ably presented in Washington by John L. Gust. The Government and the State both have rights in the river and Arizona needs Federal cooperation along just, legitimate lines. Arizona, moreover, has an unqualified right to use and dispose of the water within the boundaries of the State.

"Again, the right of Arizona to receive revenue from power generated at sites wholly within borders of the State is unquestioned and this position is fast gaining favor, even in California. The Swing-Johnson bill provides that Arizona shall receive 18¾ per cent, a small revenue after all operating expenses have been paid. The amendment offered by our congressional delegation provides that the two States shall be entitled to 80 per cent after operating costs have been deducted."

Taking the Black Canyon Dam site only as an example, Mr. Heard stated that revenue from the development of power there would bring into the State treasury an annual sum of $1,100,000, if only as small an amount as six-tenths of one mill were taken as a basis of division between Arizona and Nevada.

"We are all agreed, I am sure," he said, "that tax reduction is highly important and necessary to our future development. The enormous revenues to which Arizona is entitled from river development will make tax reduction easy and certain.

"While California does not contribute one drop of water to the flow of the river, whereas Arizona contributes no less than 18 per cent, Arizona gets nothing in the Swing-Johnson bill. A subsidy for the Imperial Valley, based on an appropriation of $500,000 for maintenance of the all-American canal and annual amortization of interest amounting to $790,000, is contained in the first bill. There are many who are convinced that it is included also in the present bill.

"Records of Stone & Webster, engineers and operators of power utilities, show an increasing demand for 150,000 horsepower yearly in southern California for the past three years. Power on the Colorado River can be manufactured and delivered cheaper than it can be manufactured by steam where needed. Los Angeles tells us it needs 1,500 second-feet of water from the river annually for domestic use. Their plan is to pump this water for 1,600 feet over the mountains and take it to Los Angeles in quantities sufficient to serve an additional population of 8,770,000."

Mr. Heard declared that while in Washington he was approached by Senator JOHNSON, who asked him whether or not a compromise of some sort could be reached.

"Senator JOHNSON told me," the speaker said, "that he had been informed that a certain group in Arizona would oppose ratification and development, even though California were eminently just and fair. I assured Senator JOHNSON at that time that if a fair and impartial agreement were drawn, I was convinced the large majority of Arizona citizens would say 'yes.'

"The question is strictly an economic one and should be handled in an economic way. Impartial investigation, too, has shown that necessity and feasibility for reclamation of new lands in Arizona are as great as they are in California.

"Arizona can not afford to approve any agreement or permit development of the river until an equitable agreement has been effected at least between Arizona, California, and Nevada. Arizona must protect her own rights and then cooperate with the Federal Government in development.

"California knows what Arizona's rights are and that this State stands for good old-fashioned justice and nothing else. The State is awake and alert, knows its rights, and is piling up a solid bulwark of public opinion behind that knowledge."

PROTECTION OF MIGRATORY BIRDS

Mr. NORBECK. I move that the Senate proceed to the consideration of Senate bill 1271, to more effectively meet the obligations of the United States under the migratory bird treaty with Great Britain by lessening the dangers threatening migratory game birds from drainage and other causes, by the acquisition of areas of land and of water to furnish in perpetuity reservations for the adequate protection of such birds; and by providing funds for the establishment of such areas, their maintenance and improvement, and for other purposes.

Mr. HEFLIN. Mr. President, I object.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from South Dakota.

The motion was agreed to, and the Senate, as in Committee of the Whole, resumed the consideration of the bill.

ADJOURNMENT

Mr. CURTIS. I move that the Senate adjourn.

The motion was agreed to; and the Senate (at 6 o'clock p. m.) adjourned until to-morrow, Friday, April 13, 1928, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

THURSDAY, *April 12, 1928*

The House met at 12 o'clock noon and was called to order by the Speaker.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Holy Spirit, the most helpful blessing that Thou canst bestow upon us is an understanding heart. It gives to daily life wisdom, charity, and creates the spirit of fraternity; it blesses the humblest and touches the greatest; it discovers a higher and finer application of Thy precepts. With Thy presence our faith is no longer dim, but our hearts are strong and restful. O hear, not so much our words but our unuttered feelings, for they are far, far beyond the birth of a dream. Brighten all the joys of life, soften every frown, and make us kind and brave and true. As we hear life's manifest call, may it not fall in vain on ears that never hear, but let its high meaning bend our purposes out of love in true and pure hearts. Help us to be the men we meant to be and prize our country over wealth and power. Blessed Lord, enter every aspect of our private and public life. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Craven, its principal clerk, announced that the Senate had passed without amendment a bill and concurrent resolution of the House of the following titles:

H. R. 10564. An act to authorize the Secretary of War to grant and convey to the county of Warren a perpetual easement for public highway purposes over and upon a portion of the Vicksburg National Military Park in the State of Mississippi; and

H. Con. Res. 29. Concurrent resolution accepting the statue of Andrew Jackson by Mrs. Belle Kinney Scholz, with the thanks of Congress.

BILLS PRESENTED TO THE PRESIDENT

Mr. CAMPBELL, from the Committee on Enrolled Bills, reported that they had this day presented to the President of the United States, for his approval, bills of the House of the following titles:

H. R. 405. An act providing for horticultural experiment and demonstration work in the southern Great Plains area;

H. R. 3315. An act for the relief of Charles A. Black, alias Angus Black;

H. R. 5590. An act to authorize appropriations for construction of culverts and trestles in connection with the camp railroad at Camp McClellan, Ala.;

H. R. 5817. An act to provide for the paving of the Government Road extending from St. Elmo, Tenn., to Rossville, Ga.; and

H. R. 9829. An act to extend the provisions of the act of Congress approved March 20, 1922, entitled "An act to consolidate national forest lands."

TAYLOR *v.* ENGLAND

Mr. GIFFORD. Mr. Speaker, by direction of the Committee on Elections No. 3, I call up a privileged report.

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

House Resolution 161

Resolved, That E. T. England was duly elected a Representative from the sixth district of West Virginia to the Seventieth Congress, and is entitled to his seat therein.

Mr. GIFFORD. Mr. Speaker, this being a unanimous report of the committee, I move its adoption.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

CRATER NATIONAL FOREST

Mr. HAWLEY. Mr. Speaker, I ask unanimous consent to take from the Speaker's table for immediate consideration Senate bill 3224, a bill of exactly the same nature being on the Union Calendar of the House.

The SPEAKER. The gentleman from Oregon asks unanimous consent to take from the Speaker's table Senate bill 3224 and consider the same. The Clerk will report the bill.

The Clerk read as follows:

A bill (S. 3224) to extend the provisions of the forest exchange act, approved March 20, 1922 (42 Stat. 465), to the Crater National Forest, in the State of Oregon

Be it enacted, etc., That the provisions of the act of Congress approved March 20, 1922 (42 Stat. 465), section 485, title 16, Code of Laws of the United States, be, and the same are hereby, extended and made applicable to any lands within 6 miles of the boundaries of the Crater National Forest within the State of Oregon. Lands conveyed to the United States under this act shall, upon acceptance of title, become parts of the Crater National Forest and subject to all laws relating thereto.

The SPEAKER. Is there objection?

Mr. GARNER of Texas. May I ask the gentleman from Oregon what committee reported the bill?

Mr. HAWLEY. The Committee on Public Lands. This is a Senate bill.

Mr. GARNER of Texas. This is a unanimous report?

Mr. HAWLEY. Yes; it is a unanimous report.

Mr. GARNER of Texas. This is agreeable all around?

Mr. HAWLEY. Yes.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The question is on the third reading of the Senate bill.

The Senate bill was ordered to be read a third time, was read the third time, and passed.

The SPEAKER. Without objection, the similar House bill will be laid on the table.

There was no objection.

A motion to reconsider the vote whereby the Senate bill was passed was laid on the table.

Mr. HAWLEY. Mr. Speaker, I ask unanimous consent to take from the Speaker's table for immediate consideration the Senate bill 3225.

The SPEAKER. The gentleman from Oregon asks unanimous consent to take from the Speaker's table the bill S. 3225 and consider the same. The Clerk will report the bill.

The Clerk read as follows:

A bill (S. 3225) to enlarge the boundaries of the Crater National Forest

Be it enacted, etc., That for the purpose of forest management and municipal watershed protection the boundary of the Crater National Forest, in the State of Oregon, is hereby changed to include the following lands, subject to all the laws and regulations governing the national forests: Township 35 south, range 3 east, south half of sections 15, 16, and 17; all of sections 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 32, 33, 34, 35, and 36; township 36 south, range 3 east, all of sections 1, 2, 3, 4, 5, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 21, 22, 23, 24, 25, 26, 27, 28, 33, 34, 35, and 36: *Provided*, That this section shall, as to all lands which are at this date legally appropriated under the public land laws or reserved for any public purpose, be subject to and shall not interfere with or defeat rights under such appropriation, nor prevent the use for such public purposes of lands so reserved so long as such appropriation is legally maintained or such reservation remains in force.

SEC. 2. That all revested Oregon and California land-grant lands within the exterior limits of the above-described tract of townships 35 and 36 south, range 3 east, shall hereby become part of the Crater National Forest, subject to all the laws and regulations governing the national forests: *Provided*, That this action shall, as to all lands which are now at this date legally appropriated under the public land laws or reserved for any public purpose, be subject to and shall not interfere with or defeat legal rights under such appropriation, nor prevent the use for such public purpose of land so reserved so long as such appropriation is legally maintained or such reservation remains in force: *And provided further*, That the Secretaries of the Interior and

Agriculture shall jointly appraise and agree on the value of the Oregon and California grant lands and shall certify the same to the Secretary of the Treasury.

SEC. 3. That the Secretary of the Treasury be, and hereby is, authorized upon notice of the amount by the Secretaries of the Interior and Agriculture, to transfer an equal amount of money from the national-forest receipts and credit the same to the Oregon and California land-grant fund, subject to all the laws and regulations governing the disposal of moneys received from the Oregon and California land-grant lands.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The question is on the third reading of the Senate bill.

The Senate bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider the last vote was laid on the table.

LEAVE TO ADDRESS THE HOUSE

Mr. BLACK of New York. Mr. Speaker, I ask unanimous consent that to-morrow morning, immediately after the reading of the Journal and the disposition of business on the Speaker's table, my colleague, Mr. CELLER, be granted 10 minutes to address the House.

The SPEAKER. The gentleman from New York asks unanimous consent that to-morrow, immediately after the reading of the Journal and the disposal of business on the Speaker's table, his colleague, Mr. CELLER, may be permitted to address the House for 10 minutes. Is there objection?

Mr. SNELL. Reserving the right to object, Mr. Speaker, we hope to-day to consider the legislative appropriation bill and go on with it to-morrow. I wish the gentleman would take his time during the general debate of that bill. For the next few days we will take up a number of important bills. I wish the gentleman would defer his request at this time.

Mr. BLACK of New York. Do you propose to consider the bill all of to-day?

Mr. SNELL. Yes.

Mr. BLACK of New York. Do you expect the general debate on the bill to continue into to-morrow?

Mr. MURPHY. We hope to begin the reading of the bill for amendment to-morrow.

Mr. BLACK of New York. Would the gentleman from New York object to granting my request to-morrow at the conclusion of the consideration of the bill?

Mr. SNELL. I shall have to object.

The SPEAKER. Objection is heard.

Under the special order of the House, the Chair recognizes the gentleman from Massachusetts [Mr. TREADWAY].

TAX REDUCTION

AMOUNT OF TAX REDUCTION POSSIBLE

Mr. TREADWAY. Mr. Speaker, the House of Representatives passed a revenue reduction bill December 15, 1927. This bill was not in accordance with the advice and recommendations of the Committee on Ways and Means. The Treasury recommended a reduction in taxes of not to exceed $225,000,000. The bill as reported by the committee increased this amount to $233,000,000, and as passed by the House it provided a reduction of about $289,000,000, or $56,000,000 over what at that time the committee responsible for financial legislation in the House concluded after careful study was the safe limit of tax reduction.

It is not my purpose to refer in detail to the particular items that went to make up the increased amount of reduction as voted by the House. I need only to refer to the aggregate amount. It is well known that the Republican members of the committee thoroughly disapproved several amendments added on the floor of the House and that they also disapproved the aggregate figure of reduction. At that time it seemed highly improbable that the bill could become a law unless the amounts were reduced by the Senate. The Democratic members of the committee seemed inclined to make the reduction about $300,000,000, but, of course, this position was assumed by those not ostensibly in power in Congress and certainly not in power in the administration.

The argument made by advocates of the higher figures was largely that at some previous time Treasury estimates of receipts and expenditures had not proven accurate. I shall not discuss this phase of the question, because it should be perfectly apparent that when we are estimating on the basis of $4,000,000,000 an error of 1 per cent either way can not be fairly criticized, although this would allow for a possible difference of $40,000,000. Furthermore, the receipts for the fiscal year 1929 are for the first six months no longer a matter of guesswork but are very accurately determined by the actual payments which the March collections indicate for September and December. The only period requiring a real estimate, therefore, is the last six months of the fiscal year 1929, and the only criterion by which to fix the estimate for this period are business conditions during 1925, 1926, and 1927.

The House bill was evidently not agreeable to the other branch of Congress, as indicated by the delay, until the present time in its consideration. It has been stated that such delay was occasioned by the desire of the Senate to have March 15 income-tax reports available before determining the amount to be recommended for revenue reduction.

PRESENT ESTIMATED SURPLUS

We now come to the point where we need to give careful study to the financial conditions that have developed during the past three months. It is in order that Members of the House may have ample time in which to give such consideration that I desire briefly to call attention to a few important matters which in all likelihood will be brought up later in conference between the two branches.

In no line of governmental affairs is accuracy as much to be desired as in that having to do with the future revenues. It is not sufficient for those not having the responsibility to say the Government can reduce taxes $300,000,000 or $400,000,000. This is like trying to convince people that the moon is made of green cheese. I, therefore, am one of those willing to accept the best information obtainable. If estimates based on such advice are not accepted by Congress, the people will know who to blame when income-tax rates continue the same as those now in force. I believe in reducing taxes to the minimum, but not below a safe minimum, thereby establishing a deficit.

TAX REDUCTION PREFERABLE TO DEBT REDUCTION

Tax reduction is preferable at this time to debt reduction. Debt reduction accomplishes practically the same result, but it unnecessarily takes money out of the pockets of taxpayers, although indirectly saving them the equivalent in reduced principal of the debt as well as reduced interest thereon.

Unless we can sanely, properly, and conservatively reduce taxation, we will find ourselves compelled to retain the rates contained in the 1926 law. My appeal, therefore, to the wise judgment of Congress, is to deal with this problem not politically nor in a spirit of braggadocio and buncombe, but soberly and sanely with due consideration to the figures that have been submitted to us by those most competent to prepare them.

TREASURY RECOMMENDATIONS

In this connection particular attention should be called to the statement which the Secretary of the Treasury made to the Finance Committee of the Senate on April 3. This statement shows a probable surplus for the year 1929 of $212,000,000, and recommends that the tax reduction should be in the neighborhood of $200,000,000. This is $25,000,000 less than the recommendation submitted to the Ways and Means Committee in October last. It is on the basis of present appropriations without any allowance for flood relief or other large authorizations.

The reduced recommendation of the Secretary of the Treasury from $225,000,000 to $200,000,000 is not occasioned by a reduction in receipts as indicated in the March figures. On the contrary, the Treasury has increased estimated receipts by $45,000,000, but the estimated expenditures are greater than the October estimate by $85,000,000. This leaves an estimated deficit of about $40,000,000, which accounts for the reduction of the estimated surplus from $252,000,000, the October, 1927, estimate, to $212,000,000, the March estimate.

The increased expenditures are entirely the result of congressional appropriations which were not included in the estimate submitted to the Ways and Means Committee in October, and they include nothing except what has actually been appropriated. These are definite appropriations already approved. It is well known that we have pending several possibilities of enormous appropriations, such as flood control, Muscle Shoals, and Boulder Dam.

In view of the appropriations already made by Congress and the likelihood of additional authorizations, it is perfectly apparent that we must materially reduce the original figure of estimated surplus to be used for tax-reduction purposes.

The decrease in surplus in 1928 will be largely accounted for by the passage of the settlement of war claims act, authorizing an appropriation of $50,000,000. The increase for 1929 is caused by increased appropriations for the Veterans' Bureau, the War and Navy Departments, the postal deficiency, and the public-building program.

It is not necessary to refer to these figures in detail, but I will ask permission to insert as a part of my remarks the tables prepared by the Treasury Department in October, 1927, showing the estimates of receipts and expenditures for the fiscal years 1928 and 1929, which were submitted to the Ways

and Means Committee of the House, as well as the revised estimates prepared in March, 1928, and submitted to the Finance Committee of the Senate.

The explanation offered by the Secretary of the Treasury and the details of these figures are illuminating and should be carefully studied by the Members of the House.

Mr. Speaker, I ask unanimous consent to insert two pages of tables prepared by the Secretary of the Treasury and submitted to the Senate Finance Committee.

The SPEAKER. The gentleman from Massachusetts asks unanimous consent to insert certain tables in his remarks. Is there objection?

There was no objection.

The tables referred to follow:

TABLE A.—*Estimated receipts and expenditures for fiscal years 1928 and 1929 (submitted in December, 1927) and revised estimates prepared in March, 1928*

	1928		1929	
	October, 1927, estimate	March, 1928, estimate	October, 1927, estimate	March, 1928, estimate
Receipts:				
Customs	$602,000,000	$587,000,000	$602,000,000	$587,000,000
Internal revenue—				
Income tax—				
Current	1,883,000,000	1,890,000,000	1,885,000,000	1,890,000,000
Back taxes	280,000,000	280,000,000	180,000,000	220,000,000
Miscellaneous internal revenue	638,545,000	634,000,000	640,545,000	630,000,000
Miscellaneous receipts	670,053,091	678,267,729	501,952,314	527,721,229
Total receipts	4,075,598,091	4,069,267,729	3,809,497,314	3,854,721,229
Expenditures:				
Total	3,621,314,285	3,668,003,279	3,556,957,031	3,642,021,345
Estimated surplus	454,283,806	401,264,450	252,540,283	212,699,884

TABLE B.—*Fiscal year 1929—Changes between estimates of October, 1927, and March, 1928*

	Decrease	Increase
Receipts:		
Customs	$15,000,000	
Income tax—		
Current		$5,000,000
Back taxes		40,000,000
Miscellaneous internal revenue	10,545,000	
Miscellaneous receipts		[1] 25,769,000
	25,545,000	70,769,000
		25,545,000
Net increase		45,224,000
Expenditures		[1] 85,064,000
Net decrease in estimated surplus		39,840,000
Estimated surplus last fall		252,540,000
Revised estimate March, 1928		212,700,000

[1] Includes $13,015,000 increase in both receipts and expenditures account United States Government life insurance fund under Veterans' Bureau.

PRESENT SUGGESTED REDUCTIONS

Mr. TREADWAY. It can be assumed that the House has sufficient business judgment to want to determine the amount of revenue reduction on a proper business and financial basis and to put in the background political advantage and the hue and cry of propagandists.

The Secretary of the Treasury itemizes his recommendations which in large measure are repetitions of those submitted to the House. The Ways and Means Committee did not report to the House these recommendations in quite the form in which the Secretary made them, nor as he has since recommended to the Senate Finance Committee.

My own view is that a reduction in the corporation tax to 11½ per cent is equitable and just in view of the fact that we have done practically nothing in previous tax reductions for the corporations. We are, however, to-day dealing with a practical situation, and a reduction to 11½ per cent would use up so much of the probable surplus that there would be comparatively little left to use along other lines.

I, therefore, advocate a reduction of 1½ per cent, making the rate 12 per cent instead of 11½ per cent as provided in the bill as passed by the House. This will mean a reduction in receipts in favor of corporations to the extent of $123,000,000. In addition to this we have already agreed to an exemption for the small corporations up to $3,000, which will add $12,000,000 more, making the total reductions in the case of corporations $135,000,000.

The other miscellaneous reductions which the Treasury Department has recommended, such as the increased exemption on admissions, repeal of the tax on cereal beverages, and the reduced tax on wines, can well be added as they involve only about $9,000,000.

I believe that instead of a change in the so-called intermediate brackets covering incomes of from $14,000 to $75,000 we should not exceed the $50,000 bracket, which would cause a reduction of about $25,000,000. When a person's income reaches $50,000 it can not fairly be said that he can not pay his full burden of tax. While we wish to deal justly with all classes alike, we must also look at the practical side and make our reductions where we think they are most deserved and beneficial.

Mr. GIFFORD. Will the gentleman yield?

Mr. TREADWAY. For a brief question.

Mr. GIFFORD. I think the House amended the provision in the bill relating to small corporations radically different than an exemption of $3,000.

Mr. TREADWAY. I think the exemption as it now stands in the bill is $3,000, $3,000 upon incomes up to $25,000.

Mr. GIFFORD. I think the gentleman will remember that the amendment adopted by the House was for a sliding scale.

Mr. TREADWAY. I intend to refer to the sliding scale provision.

I believe the action of the Ways and Means Committee in relation to the automobile tax was fair to the industry, equitable to the purchaser, and practical from the Government's standpoint. I realize that no greater propaganda has ever been waged for the purpose of influencing Congressional action than has been carried on by the automobile industry. If the industry itself were paying this tax it might have some justification, but, as has been suggested time and time again, the purchaser pays the tax. In the press of this morning, however, there is the statement that the automobile manufacturers will cut off that expense to the purchaser of a car. What else could they do? If the tax is taken off how could the automobile industry charge it up to the purchaser of a car?

To the best of my knowledge and belief the number of actual purchasers of automobiles who have found fault with this tax, and particularly those who have refrained from buying automobiles on account of the tax, is infinitesimally small. The reduction from 3 to 1½ per cent will reduce the tax receipts $33,000,000. It seems to me that the argument of the Secretary of the Treasury regarding the automobile tax is so sound as to warrant my reading an extract from it at this point. He says:

> The insistent demand for the repeal of this tax does not come from the automobile purchasers but from the manufacturers and dealers, who have organized an intensive propaganda, and of necessity do not look at our tax problem as a whole but concentrate their attention on the one tax which they believe affects their own interests.
>
> Tax revision on the basis of meeting the demands of special interests inevitably leads to serious maladjustments of the burdens. As a matter of principle, it is difficult to justify the repeal of this tax. Levied at a low rate, it imposes no particular hardship, yet by reason of the broad base on which it rests it produces substantial revenue. The cost of our Federal Government is already borne to a very large extent indeed, when we consider the size of our population, by the comparatively small number that pay direct taxes. A further material reduction in indirect taxes will produce a very ill-balanced tax system, under which our National Government will be supported not by the entire body of our citizens but by a limited class. The cost of the Government of all should not be borne by the few.

The reduction to 1½ per cent, recommended by the Ways and Means Committee, retains the principle and produces a large revenue without hardship to any individual. It therefore seems to me a practical compromise to adhere to the 1½ per cent rate.

Mr. CRAMTON. Will the gentleman yield?

Mr. TREADWAY. Very briefly; yes.

Mr. CRAMTON. The gentleman would not intentionally convey the impression that the automobile industry was the only one which resorted to what he called intensive propaganda?

Mr. TREADWAY. No. Our experience in the Committee on Ways and Means would absolve the automobile industry as being the only one that did that. Every industry is looking out for its own special interests. The reduction on corporations resulted in the same thing, and as the gentleman well knows we could take practically the whole tax reduction and devote it to certain items if we accepted the testimony given us by representatives of those interested.

Mr. CRAMTON. Has the gentleman given any consideration, in connection with this matter of pressure, to the possibility of pressure upon Congress with reference to withholding appro-

priations for roads in the event the automobile tax should be removed.

Mr. TREADWAY. I will say to the gentleman that for my part I do not believe in retaliation. I think every measure should stand on its own base and on its own merits, and for one I should not favor retaliatory measures if one industry benefited more than another. We should consider the road matter on its own merits and we should consider the reduction of the automobile tax on its own merits.

Mr. CRAMTON. If the gentleman will permit one more observation, I will not interrupt him further. The problem of good roads, in peace and in war, is not necessarily a burden that should be borne by any one industry.

Mr. TREADWAY. I agree with the gentleman.

Mr. SUMMERS of Washington. Will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. SUMMERS of Washington. Having removed the tax from other legitimate industries how does the gentleman justify continuing it on another?

Mr. TREADWAY. There are two arguments, I will say to the gentleman, and the extract from the statement of the Secretary of the Treasury very well covers one; namely, that the spread of the base is so broad that it is not a hardship in the form of a tax on any purchaser of an automobile and, further, there can be no testimony submitted that anybody ever refused to purchase a car on account of the small tax imposed. It is now 3 per cent and the committee has shown its willingness to divide that in two. Therefore we can not, if we are going into a reduction of taxes to any extent, take off the entire $65,000,000 which we are now collecting from the sale of automobiles. It is not a question of justification but it is a question of the practical needs of the Government, and it seems to me there is no easier collected tax nor a fairer tax for all concerned.

SUMMARY OF SUGGESTED REDUCTIONS

To summarize, the reductions which I hope to see incorporated in the final draft of the bill are as follows:

Items:	Reduction
Reduction of corporation tax to 12 per cent	$123,000,000
Exemption for small corporations to $3,000	12,000,000
Increased exemption on admissions and other miscellaneous reductions	9,000,000
Reduction of surtax on incomes from $14,000 to $50,000	25,000,000
Reduction of automobile tax to 1½ per cent	33,000,000
Total tax reduction suggested	202,000,000

MISTAKES IN HOUSE BILL

I am one of those who strongly believes in the repeal of the Federal inheritance tax, not so much at the present time on account of the actual revenue involved, but on account of the principle. If repealed, the loss of revenue would be less than $10,000,000 in 1929, but Congress has so clearly demonstrated its desire to retain this item of Federal taxation that I will not at this time suggest or advocate its repeal.

The Garner amendment, which was adopted in the House, imposing a graduated tax on corporations, is theoretically unsound and introduces a dangerous principle in income-tax legislation. True, we had a graduated tax under our war revenue acts, but it was based on the principle of invested capital producing the income. During those war years we based our tax on the theory that after a reasonable return had been earned on the capital invested, it was proper for the Government to apply high graduated taxes to the balance of the income. This was known as the excess profits or war-profits tax.

The invested capital test proved to be almost unworkable and was repealed in 1921 to the satisfaction of everybody. Without it there is no justification for graduating the corporation tax. A hundred thousand dollar income of one corporation may mean a very meager return to the stockholders, while the same hundred thousand dollar income in the case of another corporation may, because of the small investment, represent a munificent return. Size of income, therefore, is no test of ability to pay, and this we have endeavored to establish as the tax principle. This Garner amendment is, therefore, a step toward a return to the excess-profits tax, but without the feature of invested capital which was the only element that made the tax justifiable, even in war times.

The other important amendment adopted by the House when the revenue bill was under discussion in December was also proposed by Mr. GARNER, wherein the House struck out the provision in section 118 applying to consolidated returns for years subsequent to 1928. For the years 1927 and 1928 returns may be made under section 141, which was not stricken from the bill. This section corresponds to section 240 of the act of 1926. What is the result of this situation? It leaves us with consolidated returns on substantially the present basis for incomes of 1927 and 1928. Obviously, therefore, if the effect of Mr. GARNER'S amendment were to increase the revenue—and it, in fact, would have no such effect but exactly the opposite—it could not be felt until the returns for 1929 income were filed in March, 1930, thus affecting the revenue for the last half of the fiscal year 1930 and the following fiscal years.

It is therefore obvious that Mr. GARNER'S amendment can not affect surplus for 1929, since consolidated returns are to be permitted for 1928 substantially as at present.

If the bill should become law with no provisions for consolidated returns after 1928, every close student of the problem is convinced that instead of increasing revenue the effect would be to decrease it by permitting various forms of evasion of taxes by intercompany transactions such as the sale of properties between affiliated companies no longer grouped for taxation as a single unit, at fictitious prices to register fictitious losses. The gentleman from Texas is therefore, in his mistaken zeal, trying to hand these big-group corporations one of the simplest and most effective means of tax evasion possible.

When we have all of these corporations of the group combined in a single return we can prevent these fictitious losses, but once we decided that we will treat them all as separate corporations we no longer have any control over their transactions with one another, and the door will be wide open. And we can rest assured that in the next 12 months they will have so rearranged their affairs, as every accountant will tell you can be easily done, so that no additional revenue would result from forbidding the consolidated return, and the only result will be reduced revenue for the reasons I have stated.

There are other features of the bill which have not been given the attention they deserve and which make it all the more desirable that tax reduction legislation should be passed at this session. The revision of the law looking to simplification of language and administration is a move in the right direction and should be put into effect at as early a date as possible. If Congress fails to write a law conforming with the revenue situation of the present day, and we thereby lose the benefit of the rearrangement of the law itself, the people who have so long called for simplification will have additional cause for criticism for our lack of attention.

SIMPLIFICATION DESIRABLE

However, as anxious as I am for tax reduction at this session, I do not hesitate to say that I should support a veto of the bill in its present form. I therefore urge my colleagues to give most careful consideration to present conditions and the present form of the bill, recognizing its structural weakness and its excessive tax reduction. I further urge that common sense and business judgment, rather than political expediency and the call of the propagandists, govern our future action on this very important legislation.

These remarks are intended to give the House an idea of what is likely to be of considerable importance when the revenue bill goes to conference. I hope that the other branch will pass a bill in such form as to bring the items I have referred to within the scope of the rules of conference.

Mr. CHINDBLOM. Will the gentleman yield?

Mr. TREADWAY. I yield to the gentleman from Illinois.

Mr. CHINDBLOM. The gentleman now advocates a reduction of the surtax rates on incomes from $14,000 to $50,000. That was considered by the Committee on Ways and Means and was rejected by the Committee on Ways and Means; at least it was not included in the bill.

Mr. TREADWAY. It was not included in the bill.

Mr. CHINDBLOM. The gentleman will be one of the conferees on the part of the House. As one of those who do not favor the reduction of these surtaxes in preference to reduction in special taxes and sales taxes which were recommended by the Committee on Ways and Means, I hope the gentleman will not go to the extent of having committed himself now upon a program which will be for him to determine as a conferee.

Mr. TREADWAY. I think the gentleman's remarks are well taken. It seems to me, however, that as an individual Member he has a right to express his view, but if he is carrying out the will of this body in conference, that puts him in a very different position. He should feel that it is his duty to act in accordance with the will of the body he represents rather than his own personal views. I, as a Member, have the right to state my personal view.

Mr. CHINDBLOM. Oh, yes; I am not disputing that at all.

Mr. TREADWAY. I realize that; and I think there is a very marked distinction between a Member's personal views and the views that he perhaps should hold if he is a conferee between the two branches.

Mr. CHINDBLOM. I was certain my colleague had that viewpoint, but I thought it well to bring that out in this connection.

Mr. TREADWAY. I thank the gentleman.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. LAGUARDIA. The question of the inheritance tax is not at issue at all at this time.

Mr. TREADWAY. Not at this time. I have stated that I thoroughly believe in the repeal of the Federal inheritance tax, but it is not at issue, unless by chance it is included in the Senate bill, and then, of course, it would be in conference.

Mr. GARRETT of Tennessee. That is it precisely.

Mr. LAGUARDIA. Is it included?

Mr. GARRETT of Tennessee. It is likely to be included in the Senate bill.

Mr. LAGUARDIA. It is possible, certainly.

Mr. CAREW. The gentleman would then represent the House and would stand for the position the House has plainly taken.

Mr. TREADWAY. I know the gentleman does not intend to require me to commit myself as a possible conferee.

Mr. CAREW. Does the gentleman hesitate to commit himself?

Mr. GARRETT of Tennessee. In view of the fact the gentleman will be a conferee, under the ordinary rules of the House, he is stepping a good long way this morning.

Mr. TREADWAY. I always like to be up in the lead with such gentlemen as the gentleman from Texas and the gentleman from Tennessee and his associates.

Mr. GARRETT of Tennessee. I do not expect to be a conferee.

Mr. TREADWAY. I will say further for the benefit of the gentleman from Tennessee, I was born and raised a Yankee, you know, and if there is one thing a Yankee stands ready to do it is to trade at almost any time.

Mr. CAREW. But the gentleman will not trade with other people's principles.

Mr. TREADWAY. The gentleman knows what I have in mind.

Mr. GIFFORD. Will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. GIFFORD. I think it is very important for the House to understand that the House did strike out section 118 doing away with consolidated returns after 1928 and 1929. I think the gentlemen do not want to give the impression we are against consolidated returns. The committee made no attempt whatever to amend the bill carrying that matter forward. They tried to include those affiliated, under a third method, and I want the committee to occupy the proper plane in respect of the matter.

Mr. TREADWAY. If the gentleman will permit, we are not going to get into a discussion of that question in my time now. I have said very distinctly what my position is on consolidated returns. Whether that was the attitude of the House or not, I think the House made a very serious blunder and therefore I stated the matter as I did.

Mr. GARNER of Texas. Mr. Speaker, I ask unanimous consent to proceed for 6 or 7 or 8 or 10 minutes.

The SPEAKER. The gentleman from Texas asks unanimous consent to address the House for eight minutes. Is there objection?

There was no objection.

Mr. GARNER of Texas. Mr. Speaker and Members of the House, I do not feel physically able this morning to discuss the tax question, but I do believe the attention of the House ought to be called to the position of the gentleman from Massachusetts [Mr. TREADWAY].

At the time the House overrode the views of the Republicans on the Ways and Means Committee I called the attention of the Speaker to the fact that the conferees would not be in sympathy with the position of the House, and, to my amazement, this morning the gentleman from Massachusetts, who, under the ordinary customs of the House, would be a member of the conference committee, gets up and repudiates the entire provisions of the bill as enacted by the House, including the action of the Ways and Means Committee. I now submit that as a matter of practical, commen-sense procedure of the House of Representatives that kind of member ought not to serve on the conference committee.

The gentleman from Oregon [Mr. HAWLEY] will come in here and ask unanimous consent to send the bill to conference, disagreeing to all the Senate amendments, and will ask that the Speaker appoint the conferees. When this unanimous-consent request is granted, the Speaker ordinarily would appoint five conferees, the gentleman from Oregon [Mr. HAWLEY], the gentleman from Massachusetts [Mr. TREADWAY], the gentleman from New Jersey [Mr. BACHARACH], and probably myself and the gentleman from Mississippi [Mr. COLLIER].

Now, I submit to you that the gentleman from Massachusetts has already announced he will not abide by the provisions of the House bill, and has stated that if he is given the opportunity he will take the suggestion made by the Senate, even to the extent of increasing the tax rates on corporations from 11½ to 12 per cent. That is the gentleman's position. If the gentleman is a conferee and that amendment is in the bill, the gentleman will agree to it, although the House bill provided 11½ per cent.

I submit in all frankness and candor that some of these days the House is going to adopt some sensible method of selecting conferees and the House is going to have conferees that are responsive to the will of this House, with an opportunity for the House to express itself before such a unanimous request is granted.

Let us see the practical effect of this business. The House put on some amendments that the gentleman disagrees to now. One of them is a graduated tax on corporations. I agree with the gentleman when he says it is theoretically unsound—that is his suggestion—but it is practically very sound, and that is the difference between theory and practice.

Any time we undertake to relieve the little man or the small taxpayer, theoretically that is unsound and uneconomic. This has been the gentleman's position for the last four or five years.

When you gave an increased exemption to the individual taxpayer, married and single people, that was theoretically unsound, but practically it is working out all right. The American people seem to have agreed to it. If you go into conference, although the House adopted it, you agree with the Senate to take it out.

Mr. Speaker, I want to call attention to a statement, absolutely erroneous, by the gentleman from Massachusetts. Under the present law corporations can make their consolidated returns or separate returns. Does anybody challenge that statement? You can either make a separate return or a consolidated return. The Standard Oil Co. can do it, the Pittsburgh Coal Co. can do it, the General Motors Co. can do it.

Now, section 118 gives them the same privilege. If they can wash their receipts, as the gentleman speaks of, and escape taxation, they can do it under section 118. They can make a single return or they can make a consolidated return. The Treasury Department shows that over 95 per cent take the consolidated return. The result is, as I charged on the floor of the House and as I charge now, that you are gaining over $50,000,000 by that provision in 1929 from these 8,000 to 12,000 corporations. The corporations that Mr. Mellon is interested in will have to pay millions of dollars more in 1929 if you do away with the consolidated return than they would if given the opportunity to make them. If that is not true, do not you know that the Treasury Department would show that it is not true? It is true in my best judgment.

I first said $25,000,000, but some gentlemen came to me and said you have not got half of it. Then I went to $50,000,000, and I said to the Treasury Department, show me where I am wrong. It would be easy enough to get the companies that Mr. Mellon is interested in and show that he would not benefit by it. You can do that, but you do not do it. And he does not touch that problem in this statement to the Finance Commitee.

There is not a Senator and but few Members of this House who have not been lobbied with since the provision went in, pointing out how it would affect the railroads and telegraph companies. I finally said, gentlemen, you speak about the railroad companies; I will agree to exempt them from it—they can make consolidated returns—I want to catch the fellows like the Standard Oil Co., the General Motors Co., that have subsidiaries extending up to 200—some organized in Washington, some in New Jersey, and some in other States—I want them to make separate returns like every other corporation and pay their equal proportion of the taxes.

Of course, if the gentleman from Massachusetts is placed on the conference committee and the gentleman from Oregon [Mr. HAWLEY] is in agreement with him, the conference will be of no use as a conference. I would like to ask the gentleman from Oregon in my time whether he agrees to the suggestion?

Mr. HAWLEY. I did not hear the speech of the gentleman from Massachusetts, only the concluding remarks.

Mr. GARNER of Texas. The conference ought to be open, and I will ask the gentleman, does he believe that the corporation tax ought to be increased from 11½ per cent to 12 per cent?

Mr. HAWLEY. As a conferee, I suppose in the beginning I would stand for the position the House took in passing the

bill. We will then in conference do the best we can. It is the duty of conferees to reach an agreement if possible. Personally I would rather have the corporation tax remain as it is in the bill as it passed the House.

The SPEAKER. The time of the gentleman from Texas has expired.

Mr. GARNER of Texas. I believe, Mr. Speaker, I will ask for five minutes more.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. GARNER of Texas. I submit to the gentleman from Oregon that that is not a very definite statement. In the beginning you will take 11½ per cent, but finally you would take 12 per cent.

Mr. HAWLEY. I think the gentleman is drawing a conclusion not hardly warranted. My final statement was that I preferred 11½ per cent. The gentleman knows in conference we do not always get what we want, but get the best we can from the standpoint of the House and our own convictions on the matter. After the matter is discussed in conference we know the situation, but it is almost impossible to say what will be done before it is known what amendments may be made, and the information and considerations that caused them to be made.

Mr. GARNER of Texas. I agree.

Mr. TREADWAY. May I add one thought to my colleague's statement?

Mr. GARNER of Texas. Certainly.

Mr. TREADWAY. Have we not also to consider in conference the practical situation as we face it?

Mr. GARNER of Texas. Certainly you have; yes.

Mr. TREADWAY. That is the point I made, and that is the position that I take.

Mr. GARNER of Texas. And the practical situation I want to call to the attention of the House is this, that the House of Representatives passes a bill by a vote of 365 to 38, and one of the Members who is likely to be a conferee announces this morning that if the President shall veto the bill he would vote to sustain the veto.

Mr. TREADWAY. I voted for that because it was the best that I could get. I hesitated even then whether or not to vote for it; and the gentleman will also find in his list there that one of the probable conferees voted against the bill.

Mr. GARNER of Texas. That is all right. He was consistent. But I say that when a man votes for a measure in this House, and that identical measure goes to the President of the United States and is vetoed without any additional reason being given other than those he knew, he is not an independent Representative if he then votes to sustain that veto. I have as much right to my opinion as the President of the United States has to his, and if I vote for a measure here such as this was, and it goes to the White House and is vetoed, I would expect to vote against sustaining the veto; but the gentleman says that he will sustain the veto, although the RECORD shows that he approved the measure.

Mr. TREADWAY. Does the gentleman from Texas always vote for what he expected to get in a bill?

Mr. GARNER of Texas. I vote for the best that I can get.

Mr. TREADWAY. That is what I did. I voted for the best thing that I could get, but it was mighty poor.

Mr. GARNER of Texas. If it was the best that you could get, would you not vote to pass it again?

Mr. TREADWAY. Not if I could get something better. I say again, if the gentleman wants to know my position, that if the bill as passed by the House should be agreed to in conference and come back to the House with a presidential veto, I would be delighted to vote to sustain that veto. If that disqualifies me from acting as a conferee or in any other position, well and good.

Mr. GARNER of Texas. That does not disqualify the gentleman from acting as a conferee, but it merely constitutes an admission on his part that he is not an independent legislator and is going to be governed by the President's veto.

Mr. TREADWAY. Oh, I deny any such insinuation.

Mr. GARNER of Texas. That merely puts the gentleman in that attitude and that is all. Now, Mr. HAWLEY, we placed on this bill a graduated tax on incomes, but I believe I shall first go with you a little further back than that. We did not provide for a repeal of the estate tax. The gentleman from Oregon will remember what the vote was in the committee on that. I do. If the Senate should provide for a repeal of the estate tax, would the gentleman join his colleague from Massachusetts in agreeing to that amendment?

Mr. TREADWAY. I did not say that I would agree to the amendment.

Mr. HAWLEY. As one of the probable conferees, I am not able to say in advance of the conference and all of the circumstances surrounding it what it may be necessary to do to perfect a bill and settle the disagreements between the two Houses.

Mr. GARNER of Texas. Then I shall ask one other question. In the committee, if the gentleman will recall, there were only 2 votes out of 25 for an adjustment of the intermediate brackets. Suppose the Senate adjusts the intermediate brackets, as suggested by the administration, reducing the taxes $50,000,000, $30,000,000 of which goes to those having incomes in excess of $80,000, will the gentleman agree to that amendment?

The SPEAKER. The time of the gentleman from Texas has again expired.

Mr. GARNER of Texas. Mr. Speaker, I ask unanimous consent to proceed for five minutes more.

The SPEAKER. Is there objection?

There was no objection.

Mr. HAWLEY. The gentleman will probably remember, since he is talking about the committee work, that a certain gentleman from Oregon submitted the facts on which the committee rejected the proposed diminution of rates in the intermediate brackets. Personally that is my opinion still.

Mr. GARNER of Texas. That is all right. Now, let me show you Republicans the danger in this bill. It comes over here, and you send it to conference. A majority of this House, by a 2 to 1 vote, refused to repeal the estate tax. You gentlemen possibly remember that the gentleman from New Jersey offered a motion to recommit. And that 93 of the old gang came along and voted for the motion to recommit, with 217 who voted the other way. That was done to keep you gentlemen from having a record vote on the estate tax, because the motion to recommit to repeal the estate tax was going to be made, and you would have had to go on record. In order to avoid that, in order not to have a record vote, this other motion to recommit was made, and you let it go at that. If you send this bill to conference, and the conferees come back with a united report repealing the estate tax, levying the automobile tax, and doing everything you can think of that the House of Representatives did not want you to do, you would have to vote that conference report up or down. Would that be fair to this House? Can this House afford to send the bill to conference with conferees of that nature? If you have conferees that are going to be loyal to the House, who believe in these things that the House did, then you could trust them to vote for those very things, because they would not ever agree to the other proposition without coming back for a vote of the House.

But with the character of conferees that you are going to have—and I say it fairly to the gentleman from Oregon [Mr. HAWLEY], without knowing where he stands—this House ought never to send that bill to conference until it can get some expression from him of loyalty to the House bill. That is the practical, the sensible way to do. Any other way is a foolish way to do. It is surrendering to another body the things you believe in, the things that you voted for, the things that this House believes in. They are being surrendered through a parliamentary advantage given to the Senate by virtue of disloyalty to the House position. I use that word without intending offense—disloyalty to the provisions and ideas and views of the House of Representatives.

This House ought to have conferees that believe in their souls in the provisions that the House has inserted in the bill, rather than to send it into hibernation and have it brought forth later in a new form by men who do not believe in the provisions inserted by the House of Representatives, provisions in which this House believes.

Mr. HAWLEY. Mr. Speaker, will the gentleman yield there?

Mr. GARNER of Texas. Certainly.

Mr. HAWLEY. I think a moment ago, in answer to a question, I said it was the duty of the conferees to support the provisions made by the House in any bill. But a conference is intended to bring the two Houses together on a disputed measure, and, if any agreement is to be reached, one of the Houses must yield either in whole or in part or with an amendment.

Mr. GARNER of Texas. Now, Mr. HAWLEY, I am going to tell you just what I will say to the conference committee when you come to some of the provisions that the Senate disagrees with the House on. I will say to you, "Mr. HAWLEY, do you not agree to that? Let us go back to the House for instruction." Will you come? Will you do that, and come back to the House and get a vote upon it?

Mr. HAWLEY. It will depend on the kind of matters. It would not do to come back on trivial matters.

Mr. GARNER of Texas. I am not going to ask you to come back on trivial matters; I will ask you to come back on the vital features of it.

Mr. HAWLEY. I think that all serious matters in which the House has expressed its opinion should be brought back to the House.

Mr. GARNER of Texas. That is a good doctrine. If I had an advantage in a conference on a matter which is vital, on which the House had expressed itself, and I did not agree with the House, and I was a member of the conferees, I would say to my colleagues on the conference, "Let us go back to the House and see what it will do." [Applause.]

The SPEAKER. The time of the gentleman from Texas has again expired.

Mr. TILSON. Mr. Speaker, we must have an end to this addressing the House by unanimous consent. There will be ample time in general debate. I shall object to anybody else having time now until we get into committee. In general debate gentlemen will have all the time they wish.

LEGISLATIVE APPROPRIATION BILL

Mr. MURPHY. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 12875) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1929, and for other purposes.

The SPEAKER. The gentleman from Ohio moves that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 12875. The question is on agreeing to that motion.

The motion was agreed to.

The SPEAKER. The gentleman from Oregon [Mr. HAWLEY] will kindly take the chair.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 12875, with Mr. HAWLEY in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 12875, which the Clerk will report by title.

The Clerk read as follows:

A bill (H. R. 12875) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1929, and for other purposes.

Mr. MURPHY. Mr. Chairman, I yield five minutes to the gentleman from Massachusetts [Mr. GIFFORD].

The CHAIRMAN. The gentleman from Massachusetts is recognized for five minutes.

Mr. GIFFORD. Mr. Chairman, I ask for only two minutes. I am sure that will be all the time I shall need.

I wish to call to the attention of the House the vote passed here relating to affiliated corporations. There were about 20 Republicans on this side and nearly all on the other side of the Chamber, under the leadership of the gentleman from Texas [Mr. GARNER], who raised a question as to the effect of that section. I wish to put the blame where it belongs. We believe that the taxpayers should have the privilege of making either a consolidated return or a separate return. When the section which contained three different methods of making returns was defeated we desired some explanation of the change suggested. Because the committee failed to carry that particular section, they failed to amend the consolidated returns section so that it would be in compliance with the old law. They evidently preferred to have it go to the Senate. Some of us have been subjected to criticism because of our attitude. Such criticism should have been directed at the committee. We did not wish to vote another highway for avoiding taxes, by adding a section, the effect of which seemed to be doubtful. We asked for explanation. We are still anxious to be told what would be the results of such legislation and why it is desired. We have been told that we defeated the consolidated returns feature. Rather, we believe in that and the committee should have amended its bill so as to continue the privilege of making consolidated returns.

I make these few remarks so that some 20 Republicans may not hereafter be blamed for opposing that section in the bill.

I, for one, am still desirous of knowing the effect of the suggested method which would allow any two or any group of affiliated corporations to consolidate their returns, and I hope that the genial chairman of the Committee on Ways and Means will some day put this information in the RECORD.

Mr. MURPHY. Mr. Chairman, I yield 20 minutes to the gentleman from Washington [Mr. SUMMERS].

Mr. SUMMERS of Washington. Mr. Chairman, there are many controversial questions which come before this House from time to time, and sometimes it is difficult for us to have a perfect understanding of the questions on which we must sooner or later vote; so it is my intention, in so far as it is within my ability, to give you a correct understanding of the proposed Columbia Basin irrigation project in the State of Washington. There are in the world opportunists and there are in Congress statesmen. I want to talk to the statesmen. I want you to understand that we are talking of a development not for to-day but for the future.

At the point on this map marked by an "X" is the location of the Columbia Basin project, which will embrace, when finally developed, 1,883,000 acres. The water supply may come from the great watershed lying to the east of this project over in Montana and in Idaho, where there are lakes and canyons, where storage can be provided. Water would be diverted from Clarks Fork at Albany Falls [indicating], Idaho, near Newport, Wash., and carried down through this way [indicating] to Hillcrest. There is another method suggested whereby a dam may be constructed in the Columbia River and the water brought down through here [indicating on map]. So there are two sources of water supply that are available.

There have been some partial failures of reclamation projects in the West. Usually these have resulted from an inadequate water supply. Sometimes it has been because of the undesirable and untillable lands that were included.

Going to the State map of Washington, the lands embraced within this outline [indicating] represent the Columbia Basin project, lying mostly as a great level plain in my district in southeastern Washington. A part of the land is gently rolling. There is one point that was visited last year by the Reclamation Committee of the House and by the Reclamation Committee of the Senate where they went upon a small mountain known as Table Mountain. From there you can look for many, many miles in every direction. The land lies almost as level as this floor; it is as fertile as any land to be found in the United States except that it lacks water. We do not have hardpan; we do not have in the lands that are proposed to be irrigated an outcropping of rock, or anything of that kind. We have real soil to begin with from 3 feet to 100 feet deep.

Mr. LAGUARDIA. What is the area of the land marked "X"?

Mr. SUMMERS of Washington. One million eight hundred and eighty-three thousand acres.

Mr. HILL of Washington. Will the gentleman yield?

Mr. SUMMERS of Washington. Yes.

Mr. HILL of Washington. May I suggest that that area probably includes some land not within the irrigable classification, and it would probably be 3,000,000 acres all told.

Mr. SUMMERS of Washington. Yes; there are about 3,000,000 acres all told, but 1,883,000 acres of high-class lands are proposed to be irrigated.

Mr. CRAMTON. Will the gentleman yield?

Mr. SUMMERS of Washington. Yes.

Mr. CRAMTON. Could the gentleman say what proportion, if any, of that area of 1,800,000 acres is now operating under dry farming?

Mr. SUMMERS of Washington. About 400,000 acres, to the best of my knowledge, but that varies. Much more of this land was in cultivation at one time, but the rainfall of 6 to 10 inches is not sufficient for successful farming. Some claim there was an abnormal rainfall that stored up moisture there and they were able to produce wonderful crops for a short period of time, while others claim that the moisture which had been stored up through the years before it was cleared of sage brush and put into cultivation was gradually exhausted. Anyhow they were able to till several hundred thousand acres of that land long enough to demonstrate that with moisture it is a very productive section. But for many years there has not been sufficient rainfall on which the farmers might depend for successful farming.

Mr. CRAMTON. Will the gentleman permit one more question?

Mr. SUMMERS of Washington. I yield.

Mr. CRAMTON. Of the 1,800,000 acres what proportion is publicly owned and what proportion is privately owned?

Mr. SUMMERS of Washington. This land was homesteaded very largely at the time I speak of, along about 25 years ago, but the men who built their little cabins in there, who went on the land and tried to establish homes have had to move off, and they are in all parts of the the United States. So it is in private ownership very largely.

As to the exact amount that is in Government ownership, I believe it is about 10 per cent. Some of it is State owned. There is some land within this area that is yet farmed and farmed successfully, where they have sufficient rainfall.

Mr. LAGUARDIA. What could they raise there with irrigation, and what do they raise now?

Mr. SUMMERS of Washington. By dry farming; that is, raising a crop every second year and plowing and cultivating and storing up moisture on the alternate year, they grow wheat almost exclusively. If it were irrigated, it would grow practically anything that is grown in the United States, because we have an unusually long growing season—about 27 weeks between the last frost in the spring and the first frost in the autumn. Sugar beets, for instance, are known to produce wonderfully well on nearby adjacent territory. This is a crop that we might develop almost to an unlimited extent and still not interfere with any crop now produced in the United States because, as you all know, we are importing the big part of our sugar and always have been regardless of the efforts we have made to develop a home sugar supply.

If there are any other questions in regard to the soil, I would like to have them asked now.

Mr. CRAMTON. If the gentleman will permit, what is the elevation, in general, of that area?

Mr. SUMMERS of Washington. At this point Hillcrest [indicating on map], it is 1,700 feet-plus, and at this point, Pasco, it is about 400 feet. So the general slope is from the northeast to the southwest, which not only makes it very desirable for irrigating but also facilitates drainage, and the drainage has to go along with irrigation. That is one thing that was not known in the beginning of irrigation in this country.

There are, coming down through this big section, a number of dry streams. Sometimes they are streams and at other times they are only dry channels, and there are a number of canyons, all of which would facilitate drainage.

Mr. TIMBERLAKE. It was originally prairie land, was it?

Mr. SUMMERS of Washington. It is a great sagebrush plain.

Mr. LAGUARDIA. Will the gentleman discuss later on the engineering feature and the possibility of combining the irrigation phase of it with the electric-power possibilities?

Mr. SUMMERS of Washington. I will make some reference to that later.

In establishing a successful irrigation project we must have an abundant water supply. If the water is taken from the Clarks Fork of the Columbia River over at Albany Falls across the line in Idaho, the annual run-off there is three times the amount that would be required for this project. If it is taken from the Columbia River down here [indicating] we would have a still greater water supply. So from whichever source the water might be taken, there is an enormous superfluous water supply, so there never could be any shortage or any question of an adequate water supply.

Here we have two factors necessary to a successful irrigation project.

The third one is the climate. As I have said, the growing season is 27 weeks, and I may say that three-fourths or probably four-fifths of all the Central States have a shorter growing season than that. So we may grow practically anything here. Alfalfa, of course, we can produce several crops during the year.

Therefore, the three factors soil, water, and climate are here.

Mr. LINTHICUM. Will the gentleman yield?

Mr. SUMMERS of Washington. I yield to the gentleman.

Mr. LINTHICUM. I presume the gentleman from Washington is for the McNary-Haugen bill, is he not?

Mr. SUMMERS of Washington. I am going to discuss that feature of it. I know what the gentleman has in mind.

Mr. LINTHICUM. I did not want to ask the gentleman a personal question, but I thought perhaps the gentleman had already settled on that question, and what I wanted to know and what puzzles the men from the cities——

Mr. SUMMERS of Washington. Is the surplus.

Mr. LINTHICUM. Yes; if you have got to have the McNary-Haugen bill to take care of the farmers, why should we have more land to produce crops to compete with the farmers?

Mr. SUMMERS of Washington. I am going to answer that question and I hope the gentleman will bear with me until I reach it in just a moment or two.

Mr. LINTHICUM. Certainly.

Mr. SUMMERS of Washington. I want to discuss that question.

We have passing through this area at the present time four transcontinental railroads and another railroad that connects up with all of these transcontinental lines, which makes the equivalent of five transcontinental railroads passing through the project at this time. No other project in the United States like it. There are many State and county highly improved highways that pass through the project. There are many towns, there are county seats and towns from 500 to 1,000 or 1,500 people dotted all about through here [indicating] where they are still doing some dry farming or where they have secured a little water for irrigation, or where they built up towns when farming was more prosperous several years ago. There are schools, there are churches, there is everything there to make a community. I want you to get that picture. This is not a wilderness far removed from civilization that will be difficult to develop. We have all of the factors save one thing, and that is water.

As to the plan of financing, it was said here a day or two ago it was going to require $300,000,000. This chart will indicate what those who have devoted years to a study of this question think will be required.

From 1928 to 1933, a period of five years' time, we want $250,000 to continue the surveys, the investigations, and the solution of the allocation of the waters, an interstate problem, you understand, which has to be acted upon by Idaho, Montana, Washington, and Oregon through the different State legislatures. Then their acts must be confirmed by an act of Congress, all of which is going to take considerable time. There are many other investigations and detail surveys to be made on the project and that would be the amount estimated for the first five years.

Mr. CRAMTON. Will the gentleman yield?

Mr. SUMMERS of Washington. With pleasure.

Mr. CRAMTON. Will the gentleman confirm my understanding that the bill before the House proposes a definite commitment of the Government to the project; in other words, the Government approves the project and commits itself fully?

Mr. SUMMERS of Washington. It approves the project.

Mr. CRAMTON. Has the Department of the Interior as yet recommended to Congress the adoption of the project?

Mr. SUMMERS of Washington. No; the Department of the Interior has not, because they say they must have further investigation.

Mr. CRAMTON. The gentleman knows the distressing history in certain sections of the West where Congress has given reason to believe that certain improvements would be made and then appropriations did not follow, because something intervened and the people who went on there were on the edge of starvation for years. In order that we may avoid the possibility of that recurring—the possibility that when Congress approves of the project that the bill proposes and then proceeds to investigate and the investigation brings out facts not anticipated and Congress concludes not to go ahead, and distress follows to those who will be called on to the area by the action of Congress—why isn't it much wiser for us to proceed first with investigation, entirely without the commitment of the Government, than to first commit the Government and then proceed with the investigation?

Mr. SUMMERS of Washington. I will be glad to go into that in detail. To begin with, this has been investigated for a period of about 10 years. There have been numerous surveys—engineering surveys, soil surveys, surveys made by the State of Washington, surveys made by the Federal Government, a review of the State survey, a review of the Federal survey, as my colleague, the gentleman from Washington [Mr. HILL], stated two days ago. You will find all that in the record. These surveys have been made by very high-class engineers.

At one time General Goethals was called on and spent 30 days over the project and then 6 months in checking up on the surveys and he passed favorably on the project. So it has been passed on by what we think are the most competent of engineers—certainly as competent as are to be found in the United States—a number of times without exception. All are agreed the project is feasible. There have been demonstrations as to the productiveness of the soil and in the areas where they can get water it is wonderfully productive and profitable. Feasibility is settled so far as we are concerned.

But every time we need a little more money—and, by the way, the State of Washington has put up more money than the Federal Government—all together there has been about a half million dollars spent in investigation. But every time we need a little more money a group of men must come 3,000 miles, appear before a committee and justify the project. That has been done before the Reclamation Committee time and again. We feel that the adoption of this project would obviate that.

Suppose the bill before the House was adopted. Then the amount that would be asked for now would be to continue investigations and surveys and the allocation of water, all of which would require time, probably about five years. Of course, we can not expect anything in the future except it be recommended by the Secretary of the Interior, passed upon by the Budget, passed upon by Mr. CRAMTON'S appropriations subcommittee, the whole Appropriations Committee, the House and the Senate and, finally, secure the President's signature. So you see the future is amply safeguarded.

But we would like to get rid of having to come down here to justify the project over and over again as we have been doing for the last 10 years. There is a group of devoted men out in the Northwest that has been meeting and discussing this project every week for eight years, individuals and communities have given unselfishly and without stint of their time and money.

Mr. CRAMTON. Will the gentleman yield?

Mr. SUMMERS of Washington. I will be glad to.

Mr. CRAMTON. First just let me emphasize again that just the minute Congress passes a bill adopting this project there will be a renewal of interest in that country; settlers will go upon it and try to get in early when the land is not expensive; they will go in and wait for the Government to bring water to them. That the gentleman knows will be the effect of an approval and adoption of the project by Congress. On the other hand the gentleman suggests that $250,000 worth of investigation by the Federal Government in addition to some outside contribution will be needed in the next five years. The gentleman knows that that means substantial investigation. Asking for $250,000 for further investigation demonstrates the framers of the project realize that General Goethals and the engineers have not entirely completed the necessary investigations.

Mr. SUMMERS of Washington. Will the gentleman allow me to interrupt him there?

Mr. CRAMTON. Yes.

Mr. SUMMERS of Washington. These investigators have worked out the detailed construction plan very largely and engineers have been checking and rechecking but working plans are not yet completed.

The CHAIRMAN. The time of the gentleman from Wash ington has expired.

Mr. MURPHY. I yield the gentleman 10 minutes more.

Mr. CRAMTON. The gentleman knows that in the course of this investigation some unsuspected condition may be found that may make the project, or a material section of it, not advisable. If Congress is to take any action at this time would not it entirely meet the gentleman's statement of needs without the danger of misleading the public, for Congress to authorize the appropriation to the extent of $250,000 to further study and investigate?

I am frank to say that I do not profess to be in favor of even that action, but this is to bring out the gentleman's views. Would not such action by Congress, authorizing such an appropriation for the next five years, meet all of the needs the gentleman has spoken of without formally committing Congress to the whole project?

Mr. SUMMERS of Washington. Probably it would take care of the actual financial needs as far as that is concerned, but I have pointed out that committees have to be brought down here over and over again for a distance of 3,000 miles at very great expense in order to present this matter to congressional committees from time to time.

Mr. CRAMTON. In response to that I may say that whatever kind of bill is passed, someone has to come before our subcommittee from year to year to present the case, even if there has been an authorization.

Mr. SUMMERS of Washington. That would be done by the Department of the Interior and the representatives.

Mr. HADLEY. Mr. Chairman, will the gentleman yield?

Mr. SUMMERS of Washington. Yes.

Mr. HADLEY. The gentleman from Michigan [Mr. CRAMTON] is proceeding upon the theory, although not so stated, apparently, that this is more or less of a wildcat scheme, that has not been demonstrated, because you are estimating an expenditure of $250,000 for the next five years for further surveys and investigations. Is it not a fact that the feasibility of this project has been conclusively demonstrated, affirmatively reported as such by the engineers?

Mr. SUMMERS of Washington. Yes; of the Federal Government.

Mr. HADLEY. And that these are matters of record in the department, and that the question of feasibility is closed and that the investigations and surveys sought relate solely to matters of detail with reference to construction and the evolution of the project, the feasibility of which has already been conclusively determined?

Mr. SUMMERS of Washington. My colleague has correctly stated the situation.

Mr. WAINWRIGHT. Mr. Chairman, will the gentleman yield?

Mr. SUMMERS of Washington. Yes.

Mr. WAINWRIGHT. Notwithstanding the answer to the question of the gentleman from Michigan, by the gentleman from Washington who has just taken his seat, does the gentleman think on the whole that it is wise for us as a Congress to commit ourselves definitely to a project which will commit the Treasury of the United States to an expenditure of $180,000,000 without Congress being definitely advised as to not only the engineering features but the economic features, by the responsible department of the Government, namely, the Interior Department?

Mr. SUMMERS of Washington. There are voluminous reports by Government engineers covering all of this in detail.

Mr. WAINWRIGHT. The gentleman from Michigan [Mr. CRAMTON] corrects me as to the ultimate expenditure of $180,000,000. He says that we will be committing ourselves to an expenditure of what may amount to $300,000,000.

Mr. SUMMERS of Washington. I must proceed in order to get that part of it straight. After the period of investigation and the working out of the problem between the States as to the water supply, it is estimated by some of the best engineers that it will require 10 years for actual construction, and so I put the period of construction from 1933 to 1943, and allow for an expenditure of $12,000,000 annually, or a total sum of $120,000,000.

The financial plan that has been worked out would call for that expenditure on the main canal, storage, and things of that sort, and then $30,000,000 as a revolving fund. From 1943 to 1948, a period of five years will be required for the settlement of the first unit. It is proposed to develop the project in units. That would embrace something over 470,000 acres. When that unit is developed and is a going concern the unit would be bonded in order to develop the second unit, which requires from 1948 to 1953, and then the third from 1953 to 1958, and finally the fourth unit from 1958 to 1963. At the end of that time the Federal Government would have $150,000,000 in the project. That covers a period of 35 years. While this sum would not come from the reclamation found it would be repaid upon the same terms as the reclamation fund is repaid. Some mention was made of $180,000,000 by the gentleman from New York [Mr. WAINWRIGHT], and I suppose he uses those figures because he sees them here on this chart. Based on the production of the Yakima project and also the Wennatchee project, but discounting the value of production, it is estimated that the total production would be $180,000,000 a year from the entire project when it is developed. What would become of that $180,000,000? None of us shut our eyes to the effect this is going to have on our own State. Settlers would require 25,000 automobiles, 25,000 plows, 25,000 harrows, fencing, home furnishings, and everything else that comes from the East.

Mr. CRAMTON. Mr. Chairman, before the gentleman goes into that, am I not right in understanding that however it is to be financed, the construction cost will be approximately $300,000,000?

Mr. SUMMERS of Washington. Yes; the gentleman is correct about that.

Mr. CRAMTON. But you do not in your plan contemplate that it all comes from the Federal Treasury?

Mr. SUMMERS of Washington. We do not contemplate having more than $150,000,000 of it invested at one time.

Mr. CRAMTON. Under the plan, with that first unit settled, after it is completed, it is proposed to take up the construction of the next unit through a bond issue put upon the first unit? The gentleman is aware that those settlers, the most of them, will have bought the land on credit as much as they can. They will have acquired as much credit as they can for improvements and implements, and so forth. In fact, the Irrigation Committee has reported out a bill—I may not state it correctly—which I think contemplates a loan of about $3,000 to each settler on reclamation projects of a similar character. So that these settlers will have all this indebtedness and will also owe the Government $150 an acre for the water rights. What about the feasibility of bonding that situation for any appreciable amount, with the proceeds of which to go ahead with further construction?

Mr. SUMMERS of Washington. This has been worked out by some very capable financiers, and it is not thought that there will be required at any time bonding on any of the land in an amount beyond what it will safely carry. I am pleased to answer all questions, but I am afraid the gentleman from Ohio [Mr. MURPHY] might not want to yield me more time.

Mr. CRAMTON. The gentleman assures me that he will yield you more time. Is there any assurance or any negotiations to secure assurance that the cities of Spokane, Seattle, Tacoma, or counties, or railroads, or other concerns are to be expected to assist in that financing?

Mr. SUMMERS of Washington. I am glad the gentleman asked that question. For the first time I believe in the history of reclamation that thing will be done. A law was enacted by our State legislature which permits the levying of an ad valorem tax upon town property and business that are within the project and those that are adjacent that will be benefited

by the project. For instance, we do not think it is fair for a piece of property to enjoy the benefits and carry none of the burden.

The CHAIRMAN. The time of the gentleman from Washington has expired.

Mr. SUMMERS of Washington. Will the gentleman from Ohio yield me 10 minutes more?

Mr. CRAMTON. I will ask the gentleman from Ohio to yield 10 minutes more.

Mr. MURPHY. Mr. Chairman, I yield to the gentleman 10 minutes more.

The CHAIRMAN. The gentleman from Washington is recognized for 10 minutes more.

Mr. SUMMERS of Washington. In the case of a town that is struggling for existence at this time, but which would be made very prosperous by the development of this project, we believe that the town and business there should bear some part of the burden that will bring the prosperity that will come to that town. We believe that Spokane, a large city which will be tributary, should bear part of the burden, and Spokane thinks so, and they were largely instrumental in getting that legislation enacted.

Mr. CRAMTON. The gentleman knows that that follows the suggestion of the Committee on Appropriations that in this work of financing the communities and States should assist the Federal Government.

Mr. SUMMERS of Washington. Has any other State acted on that suggestion.

Mr. CRAMTON. It is not the first time it has been acted upon by projects, but perhaps it is the first time in the initiation of a new project.

Mr. SUMMERS of Washington. It is the intention to hold the land holdings down to what the Secretary shall declare should be the proper farm unit, of 40 to 80 acres. At this time the land is worth $1 to $5 an acre, but with water it is as productive as any acre of land within your knowledge. I say that without fear of contradiction on the basis of irrigated areas that are distributed all through this project.

Mr. MENGES. Mr. Chairman, will the gentleman yield?

Mr. SUMMERS of Washington. Just for a question.

Mr. MENGES. Does the gentleman know what profits are made by those people who planted the land referred to with fruit, outside of this project?

Mr. SUMMERS of Washington. Fruit, as all other crops, varies greatly. I remember the figures as to a small irrigation project a few years ago, where all the land under cultivation averaged $300 per acre. The fruit crop on a selected tract sometimes will yield a thousand dollars an acre, but the next year they may have a limited crop. The expenses may be so high that there will be no profit.

Mr. MENGES. Does the gentleman know whether any profit was made by those fellows who made fruit crops in that section their chief products?

Mr. SUMMERS of Washington. In this section Wenatchee [indicating] their efforts are devoted almost exclusively to fruit. Twenty-five years ago they shipped one carload of fruit, last year they shipped about 20,000 carloads. In the Yakima region they are devoting a great deal of attention to dairying and alfalfa, and their activities are more diversified, though it is a wonderful fruit country and fruits predominate.

Mr. MENGES. Would this project be worth anything so far as dairying is concerned?

Mr. SUMMERS of Washington. It would be one of the finest dairy countries in the United States, because the winters are short and mild, the transportation facilities are good, and the climate is agreeable to the cattle.

Mr. MENGES. The land would yield itself to diversified farming?

Mr. SUMMERS of Washington. Yes; to diversified farming; to dairying, sugar-beet culture, or small fruits, or poultry, or anything of that kind. We want to develop it without speculation for home owners.

Mr. MENGES. I suppose it would be more profitable to devote it all to sugar beets.

Mr. LAGUARDIA. Of course, it is well known to all who have a knowledge of agriculture that if you have fertile soil and water you can raise almost anything. Can the gentleman tell us what plans have been studied and what projects are under consideration, not only to use the water for irrigation, but to use the weight of the water to produce power? That is the most important thing before this country to-day.

Mr. SUMMERS of Washington. I will say in answer that while these are problems to be determined finally by the Federal engineers, most of the engineers, I believe, favor the gravity plan. There are other engineers who advocate the construction of a dam 200 feet high in the Columbia River at the head of the Grand Coulee, which is the old bed of the Columbia River thousands or perhaps millions of years ago. It would also be necessary to pump 400 feet. If a dam were constructed you would have that enormous river with a 200-foot waterfall, so that the gentleman can imagine what would be possible in the development of power. Those are plans to be determined by the Government engineers.

Mr. HILL of Washington. On that point I may say that the hydraulic engineers on that question of development of power testified before the committee that there will be sufficient secondary power to provide energy for pumping and one and a quarter million primary horsepower for commercial distribution.

Mr. LAGUARDIA. That would take care of the needs of this new locality which would be developed.

Mr. HILL of Washington. It will take care of all the needs of the area which the gentleman from Washington has pointed out.

Mr. ARENTZ. Will the gentleman yield?

Mr. SUMMERS of Washington. Yes.

Mr. ARENTZ. It is well to take into consideration also the average elevation of Pend Oreille Lake and the average elevation above sea level of the area to be put under cultivation, and it is what—about 750 or 1,000 feet?

Mr. SUMMERS of Washington. From Pend Oreille down to the center of the project?

Mr. ARENTZ. Yes.

Mr. SUMMERS of Washington. About 1,000 feet.

Mr. ARENTZ. So you have a 1,000-foot drop in that distance from Lake Pend Oreille to the center of the project.

Mr. SUMMERS of Washington. There would be some power developed by this plan but not as much as by the other is what I meant to say. Now, I want to answer the gentleman from Baltimore, in regard to the farm surplus. I have said many times, and I say it out in the State of Washington and to you, that if this could be developed by the waving of a wand at this time I should not be in favor of waving the wand because it is not needed at this time. It can not be developed in a short period of time, but there is coming a time when it will be needed and when it ought to be developed, and that is the time we are looking forward to. We are planning for the future. We must proceed now in order to have the development when we need it. That is why I said in the beginning there are in the United States opportunists and there are statesmen and that I wanted to talk a little while to the statesmen who are willing to look 30, 40, and 50 years in the future.

We are not asking for any big appropriation of money at this time. We are not asking that this be put where Congress, the department, and the President will not always have a check on it, but we do think, after 10 years of arduous labor out there, beyond anything that you can conceive of, gentlemen, by all of those communities, which have been contributing in time and money, and the $500,000 that has been spent, that we are justified in asking for this further step that I have described.

Mr. MILLER. Will the gentleman yield?

Mr. SUMMERS of Washington. Yes.

Mr. MILLER. At all times during the period of development of this the rapidity of development will absolutely rest with Congress and with the executive departments.

Mr. SUMMERS of Washington. My colleague is correct in regard to that.

Mr. LAGUARDIA. Is it not also true that that will be comparatively new country and that we must look ahead not merely to an appropriation bill for the next fiscal year but 75 and 100 years from now, so that we will at least turn over to the next generation a country in keeping with the times?

Mr. SUMMERS of Washington. The gentleman has well stated what I had in mind, but the opportunist, as I say, is looking a year or two ahead, but we must look further.

Now, there are a few things I want to cover and then if I have the time I will answer other questions. While our people would like to have it developed in a shorter period of time, I do not think it can be developed and all of the land put under cultivation short of the years I have indicated, which would be 35 years. But let us take it on the basis of 30 years and take into consideration the increasing population of the country.

The CHAIRMAN. The time of the gentleman from Washington has again expired.

Mr. MURPHY. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. SUMMERS of Washington. Barring unusual catastrophes this country will have 60,000,000 more population before this project is in full production. What does that mean? It takes on the average over the United States between 3 and 4 acres of land for every inhabitant of the country. Taking into consideration the fact that this is irrigated land, instead of

3½ acres for each inhabitant, let us say 1.8 acres, to make it come out even would support one person throughout the year. So this project when fully developed would take care of 1,000,000 people, or one-sixtieth of the increase in population, during the construction and development of the project. So it would not interfere with the supply and demand at the present time. It would not interfere with the eating away of the surplus by the next 10,000,000, nor 15,000,000, nor 25,000,000, nor 30,000,000, nor 40,000,000, but the only thing we would be able to do would be to take care of one-sixtieth of the increase.

But there is another phase of this. The testimony before the committee, from a gentleman who had traveled in the Orient last year, revealed many interesting things. He called attention to the fact that Japan is being very rapidly industrialized and that they can not by any means feed themselves at this time and that they are calling on us for increased food supplies all the time. The commerce reports show that. China is doing the same thing. He called attention to the fact that one firm he interviewed there was taking 4,800 boxes of our apples every two weeks and that another firm was taking 10 tons of American ice cream every two weeks to serve in China. He made the statement that all the leading restaurants in the Philippines, China, and Japan were featuring and serving American fruits and vegetables, because of the contamination in their soil, and that they were getting higher prices for them and that they were being more extensively served.

I do not recall the total population of China at this time, but he spoke of the improvement of social conditions, the better development. Regardless of all the wars they have been having he made this statement, that China looks to the western part of the United States for its additional food supplies, and that if their purchasing power increased $5 per inhabitant per year that would call for $2,500,000,000 worth of products.

So how insignificant $180,000,000 of products would be dumped over there. We have the territory beyond the sea in China, in Japan, in the islands, to say nothing of what we ship by the western coast and through the canal around to England and the European countries, in addition to what I have already told you about the increase in population of the United States.

So I can not see how this development could possibly complicate the farm problem or enter in any way into that controversial question. It is too far in the future, but we must look to the future if we are going to have development. I am farming 2,000 acres myself, and certainly have the farm viewpoint, but I see no menace here.

I want to call your attention to this map of the State of Washington. Do you realize what all these colored areas mean? These [indicating] are national forests. These lands belong to you. They do not belong to me and they do not belong to my people. They do not pay any taxes. Here is an Indian reservation that belongs to the American Indians and is untaxed land.

Here is a national forest, here is a national monument, here is an Indian reservation, another Indian reservation, another national forest, another national forest. So you see that a great part of the area of the State of Washington is comprised of national parks, national forests, Indian reservations, and national monuments, to say nothing of the public lands that are dotted about all over the State. Speaking roughly, I should say that fully one-half of the State of Washington belongs to you and not to me or to my people.

When you develop this area you are going to increase the value of all the land in the State of Washington—your lands as well as ours. You are going to, presumably, lend to the people out there money to develop this project. They agree to pay back and will repay. We think in view of the fact that half of the State belongs to you, it is not asking anything out of the way to ask you to lend the money to develop a part of that country and to be repaid by the people who go on the land, which will in turn create a greater demand for your timber and ours and will increase the value of all of the land.

Mr. CRAMTON. The gentleman has some figures there that I was hopeful he would reach.

Mr. SUMMERS of Washington. Yes; I am very glad the gentleman reminded me. These figures down below pertain to the reclamation fund. They were given me by the Reclamation Bureau this morning over the telephone.

Mr. ARENTZ. Is the gentleman going to go into the number of projects that that $225,000,000 represents and show that it is money scattered on all the projects throughout the West?

Mr. SUMMERS of Washington. A few moments ago a gentleman from the East, a good friend of mine, said, "Our people look upon reclamation as a big graft." I said, "I wish you would stay a little while. I would like to tell you something about it; I fear you have a misunderstanding." I stated further that the money is repayable, but he said, "Is it repaid?"

Now, here I am going to give you figures showing the charge-off and all the rest of it, and if you will permit me to give this in detail, I will then answer any questions.

There has been expended $225,000,000 for construction and operation and maintenance of the projects; that is the total for 26 years on 26 projects. So that represents all of the money that has been expended, and this figure of $75,000,000 represents the amount repaid by the settlers on the 25 or 26 projects scattered throughout 15 or 16 Western States. Do you say now that they do not repay? The bureau told me this morning they had repaid $75,000,000. I then asked how much of the $225,000,000 was not yet due and they replied $118,000,000 is not yet due. You do not expect a man who owes you a note to pay it before it is due nor condemn him if he does not pay it before it is due.

The next question was in regard to the charge off of $12,500,000 and the amount suspended $14,500,000. This latter may finally become a charge off—it may or it may not.

Then I said, "How much are our people on all of these 25 or 26 projects delinquent for everything, including construction and operation and maintenance," and the accountant said, "$4,500,000." There is the whole picture. Reclamationists are 2 per cent delinquent.

In regard to the charge off, there have been mistakes made sometimes. As I said in the beginning, there are 3,000,000 acres within the outlines of this project, but our engineers have been very cautious and have cut down and cut out and cut out wherever they thought it was not the best of land until they have taken out nearly 1,200,000 acres.

In the earliest projects, 25 years ago, they did not always do this. They went ahead and provided water and assessed those lands and then there came a time when nobody could make them pay. Because the Government men made the mistake and not the settler, it was thought by the Government itself the proper thing to mark that off. I will say that I was on about 2,000 acres in a splendid project, but there happened to be some outcroppings of rock, rock as big as this table, and you could almost walk from one to another over acres of the land, and still the people on that project to-day are paying something over $50 an acre as repayment charges. It was not their mistake. They are entitled to the charge-off on that land.

The CHAIRMAN. The time of the gentleman from Washington has expired.

Mr. MURPHY. Mr. Chairman, I yield the gentleman two additional minutes.

Mr. CRAMTON. Will the gentleman yield?

Mr. SUMMERS of Washington. Yes.

Mr. CRAMTON. In connection with the statement the gentleman just made, of course that expenditure of $225,000,000 was from the reclamation fund, while the appropriation under the pending bill is to be from the Treasury; but our chances of getting the money repaid may be judged from our past experience. The gentleman shows that $31,500,000 out of $225,000,000 is either delinquent, suspended, or charged off and that $118,000,000 is not yet due.

Mr. SUMMERS of Washington. And $75,000,000 already repaid.

Mr. CRAMTON. Yes; how much of that $118,000,000 not now due is extended; that is to say, has become due and through relief acts of Congress the time of payment has been extended?

Mr. SUMMERS of Washington. I do not think any of it. I think this other figure represents that amount.

Mr. CRAMTON. No; the gentleman knows that of that $118,000,000 a material portion is money that would to-day be due if the original time of payment had not been extended.

Mr. SUMMERS of Washington. You mean under the original law of 15 or 20 years ago?

Mr. CRAMTON. Oh, under different ones.

Mr. SUMMERS of Washington. I mean under the laws that exist to-day this is what the bureau tells me is due.

Mr. CRAMTON. Yes; $4,500,000 is what is really delinquent.

Mr. SUMMERS of Washington. Yes.

Mr. CRAMTON. But there is a large amount that became due and relief acts extended the time of payment.

Mr. SUMMERS of Washington. But only to give more time. They are not relieved from payment.

Mr. SCHAFER. Even if there is a portion of that $118,000,000 delinquent, this Government has seen fit to relieve taxpayers in other sections of the country of one hundred times that amount.

Mr. SUMMERS of Washington. I thank the gentleman for that contribution. A gentleman from Massachusetts suggested to me that we have been pretty generous to the West. I said, do

you have in mind that the Government loaned to Massachusetts 92 years ago a sum which, if figured at 5 per cent, would now amount to $75,000,000? They distributed it from the Federal Treasury 92 years ago, and it has never been repaid.

The CHAIRMAN. The time of the gentleman from Washington has again expired.

Mr. SANDLIN. Mr. Chairman, I yield the gentleman five minutes more.

Mr. SUMMERS of Washington. I thank the gentleman.

Mr. LEAVITT. Will the gentleman yield?

Mr. SUMMERS of Washington. Yes.

Mr. LEAVITT. Is not it true that the mistakes that were made by the Government in handling projects 25 years ago, that were put into operation while we were learning how to conduct them, are being applied in the way of safeguards so those mistakes will not be repeated?

Mr. SUMMERS of Washington. Yes; that is true. I have read that to develop the State of Illinois a land grant was made to the Illinois Central Railroad in the early days. What did Congress do? They gave every alternative section in a strip of land 32 miles wide, 16 miles on each side of the railroad for 300 miles. Can you estimate the value of that contribution—try it?

Mr. MILLER. And it did develop the State of Illinois?

Mr. SUMMERS of Washington. It did develop the State of Illinois. I can not say in regard to other States, except that we know through Kansas and Nebraska and other Northwestern States the same thing was done by the Government to help develop those States. So far as I know there has been nothing commensurate in value done for the development of the State of Washington. There has been something in a small way, but we are striving to pay our own bills. We are asking you simply to give us the opportunity to develop.

Now, going back to the loans that were made to the States. If they were calculated at 5 per cent interest up to the present time, roughly speaking, they would amount to $1,750,000,000. Not one dollar has been repaid by any one of the 26 States that benefited by those loans in 1836.

Mr. WAINWRIGHT. What were those loans made for?

Mr. SUMMERS of Washington. It was money that came from public-land sales. It accumulated in the Treasury and they said we will divide it among all the States in the Union at that time. The State of New York received something over $4,000,000, which, figured up at 5 per cent to the present time, would amount to $256,000,000.

Mr. WAINWRIGHT. The State of New York pays almost one-fifth of all the improvements, and we are generously minded——

Mr. SUMMERS of Washington. Yes; but New York City to-day would be a little village down on the lower end of Manhattan Island if it had not been for the back country. [Applause.]

Mr. CRAMTON. Can the gentleman give us the information as to how much has heretofore been expended in the State of Washington for reclamation from the reclamation fund—money loaned without interest? How much has been spent?

Mr. SUMMERS of Washington. There has been expended on the Yakima project, which is included in this, a total of about $14,000,000.

Mr. CRAMTON. That does not include the Kittitas and other works—would not it amount to $30,000,000?

Mr. SUMMERS of Washington. Not so much as that; about $20,000,000. I thought the gentleman was going to ask how much was loaned to the State of Michigan. I have figured that up and it runs a little over $18,000,000.

Mr. CRAMTON. The gentleman is figuring interest, whereas the custom in the West has been not to pay interest.

Mr. WAINWRIGHT. I know the gentleman will yield long enough for me to say that New York makes less objection to expenditures of this kind than probably any other State in the Union.

Mr. SUMMERS of Washington. I appreciate the fact that New York is a great and generous city. Our merchants go to New York twice a year to buy practically everything they sell in their department stores. [Applause.]

Mr. SANDLIN. Mr. Chairman, I yield 20 minutes to the gentleman from Oklahoma [Mr. HOWARD].

Mr. HOWARD of Oklahoma. Mr. Chairman and gentlemen of the Congress, I understand that within the next few days the House will be considering the matter of flood control. A very important phase of flood control to this country, a phase that is just as interesting and necessary to the entire country as any other phase of flood control, is that in controlling the floods on the Mississippi we should also control the floods on its tributaries. It is for the purpose of talking to you concerning the tributaries that I have asked for a few minutes this afternoon. First, I want to devote a few words to the discussion which has been going on throughout the country and in the newspapers relative to the "pork" that is in flood control. As to that, if there is any "pork" in the flood control bill now pending before this House, it is not in that part referring to the tributaries. If you will read the bill that is now pending you will find that section 10 is the only one that refers to the tributaries, and it simply provides for an appropriation of $5,000,000, to be expended through the Secretary of War and the Chief of Engineers, with which to make a survey and report to Congress and to the Government and to the people of the country what can be done to stop the floods on the tributaries. There is not in any way another thing in that measure which binds or obligates the Government of the United States to expend another dime of any kind on the tributaries. After the report is made, if the officials of the Government find that it is in the interest of the Nation that the floods on these tributaries be controlled, then and not until then is there an intimation of expending a further sum on the tributaries than the $5,000,000 referred to in section 10. That being the case, I am wondering where the intimation or the suggestion could arise that the tributary part of the flood control bill bore even any earmarks of pork.

Mr. SANDLIN. Mr. Chairman, will the gentleman yield?

Mr. HOWARD of Oklahoma. Yes.

Mr. SANDLIN. Is it not a fact that this Congress has already authorized an appropriation of $7,000,000 for that purpose and that there was carried in the Army appropriation bill an appropriation of a million and a half dollars for this very purpose? This is simply a repetition of what has already been done by the Congress.

Mr. HOWARD of Oklahoma. That is true. It is simply a repetition, and increasing the amount of the appropriation so that it may become available, and that the work may be done at the earliest possible moment, as is necessary. Not only that. You ask me why we of the States living on these tributaries do not do this work and make these surveys. The answer is that these rivers are interstate, these rivers are controlled by the Government. A very considerable part of many of them is navigable.

Mr. GARBER. And is not the answer, the common-sense solution of the control of the floods on the Mississippi, to begin at the source of the water flow instead of beginning at the mouth of the river?

Mr. HOWARD of Oklahoma. I agree with the gentleman entirely and say to him, as I said once before on the floor of this House, that to start flood control on the lower Mississippi without taking into consideration the tributaries is like starting to bore an oil well from the bottom up. But, Mr. Chairman, continuing my line of thought as to why we do not do this and why the Government should make this survey, let me call attention again to the fact that these rivers are interstate. Part of these rivers are navigable. My State of Oklahoma, located in the center, practically, of the Arkansas River, has for six years been spending its own money and seeking projects to control those floods, but it is an interstate matter. If you control the floods in Oklahoma according to our plan, we would probably control them in a manner that would do an injury to the other States that are interested the same as we are. Consequently, it is a national situation. The Government is the only agency that can legally do so and bind all the States. It is the only agency that can take the initiative by making this survey and tell us of the flood-suffering tributary States what can be done to give us the relief that we are entitled to. But there is not in this bill, and I have never heard any person interested in flood control on the tributaries, even suggest that after this survey is made and after it is found feasible, as we believe it will be found, that we of the tributary States expect the Government, or expect to ask the Government to bear the full share of the burden. But that is a matter that will be solved after the report is made.

Mr. STRONG of Kansas. I did not understand the gentleman to say that the tributaries would not make any contribution, did I?

Mr. HOWARD of Oklahoma. I said I had never heard any intimation from anybody interested in the tributary States that we would ask the Government to bear the full burden.

Mr. RAGON. Mr. Chairman, will the gentleman yield?

Mr. HOWARD of Oklahoma. Yes.

Mr. RAGON. Before the gentleman gets away from that section of the bill that provides for surveys, I call his attention to this. The survey that is provided in this bill is the same work that is provided for in the rivers and harbors bill of last year, with two or three rivers added.

I have information from the Chief of Engineers that it will take, probably, in some instances, as high as 5 and perhaps 10 years to complete these surveys. On the Arkansas River

alone last year in Kansas, in Oklahoma, and in Arkansas we suffered from those floods a loss of $58,000,000. On the Arkansas River during the past week, on the White River, and on the Ouachita River, and on the St. Francis River they have suffered damages to the extent of untold thousands upon thousands. If you wait for the completion of these surveys for the control of those large tributaries you might just as well cast the fortunes of those people to the wolves. Everything they have by that time will be destroyed. The fact is, the provision for these surveys in the pending bill that passed the Senate and the one that has passed out of the committee are mere guesses.

Mr. HOWARD of Oklahoma. It may be true that they are mere guesses. But this fact remains, that under the present conditions out of the river and harbor appropriation we have $60,000 allotted to surveying the St. Francis River and the Arkansas River, which is 1,465 miles long, and what we are endeavoring to do, or rather what we are having to accept, is to try to raise this appropriation so that sufficient funds can be provided at least to make this survey and make it at once.

Mr. RAGON. What you want is a flood-control-project survey, not associated with this river and harbor bill, which provides for power and irrigation and various other things.

Mr. HOWARD of Oklahoma. Yes; I thank the gentleman for bringing that point out. I thought of it a moment ago. The river and harbor act, it is true, makes appropriations for navigation and power. What this amendment means, in addition to that, is that we will have a survey that will bring to Congress flood-control projects in the immediate emergency and necessity.

Reverting to the necessity of flood control on the tributaries, let me call your attention to the fact that in 1927 the losses were just as great proportionately on those tributaries as on the lower Mississippi, because these tributaries furnish the flood waters that make the floods in the lower Mississippi.

What were some of those losses, Mr. Chairman? As to these losses on tributaries I am speaking only of the Arkansas, but what I say of the Arkansas is unquestionably true of the rest of the tributaries. Let us see something of the losses on one of the many tributaries. The flood losses in 1927 on the Arkansas, which starts down in Arkansas, in Arkansas City [indicating on the map], where it empties into the Mississippi, and runs up through the State of Arkansas 370 miles, and 340 miles in Oklahoma, and 400 miles in Kansas, and 350 miles in Colorado—in the State of Kansas for 1927 the flood losses were $12,000,000; in the State of Oklahoma the losses were $20,000,000; in the State of Arkansas, only figuring down to Pine Bluff, which is 100 miles above the mouth of this river, the loss was $26,000,000, making a total loss on this one tributary last year in the three States, to say nothing of the losses in Colorado, of $58,000,000. Not only that, but on this Arkansas River, starting in Colorado, are the cities of Pueblo, La Junta, and Canon City. Then in the State of Kansas are Garden City, Dodge, Wichita, Hutchinson, and Arkansas City; in the State of Oklahoma, Tulsa, Sand Springs, and Muskogee. In the State of Arkansas, down to Pine Bluff, are Fort Smith, Dardanell, Little Rock, and Pine Bluff. These cities run in population from a few thousand to 150,000 people; and the losses to the cities in many other ways besides actual physical damages are in no way included in the figures I have given you.

Mr. Chairman and Members of the House, flood control on the tributaries is just as much a national problem as it is on the lower Mississippi. [Applause.] And there can be no justification of a measure that will take the taxes of the people of the United States for flood control on the lower Mississippi and leave a large part of the flood sufferers on these tributaries to drown. The people of the 31 States through which these tributaries run and in which they do their damage should protest an act of this kind, and any Member of Congress living in a State through which these tributaries flow who would vote to bring about a condition of that kind is doing an injury to the people of his own district and to his own State.

Now, on this problem of flood control on the tributaries I want to talk to my good friends from New England and from the East. You may think, if you have not analyzed the question, that you are not much interested in our flood problem. But you are, and you are deeply interested. I will tell you what I mean.

Statistics disclose that in that part of the United States west of the Mississippi and in that part south of the Ohio, which is the country through which these tributaries flow, we have an annual production of raw materials of $17,000,000,000 and we have a manufacturers' pay roll of only $2,000,000,000. In the other part of the country, in which live my eastern and northern and New England friends to whom I am appealing now, you have a raw production of $7,000,000,000 and a manufacturers' pay roll of $17,000,000,000. A large percentage of the products of this tributary country is the produce of the farm. So what is the situation? You of the East and of the North manufacture what we out in the Mississippi Valley use.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. SANDLIN. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. GARBER. Will the gentleman yield?

Mr. HOWARD of Oklahoma. Yes.

Mr. GARBER. The section of the country to which the gentleman has referred produces 70 per cent of the manufactured products of the United States.

Mr. HOWARD of Oklahoma. The gentleman means the North and East?

Mr. GARBER. Yes.

Mr. HOWARD of Oklahoma. That is true. Your factories make our clothing, our hardware, our farm machinery, our boots and shoes, and the hundreds of other articles that we of the tributary country must purchase.

Let us look at this in another way. In the State of Oklahoma last year 762,000 acres of land were under flood on tributaries. That means, Mr. Chairman and gentlemen of the committee, that at least 10,000 farms in that State suffered by reason of these floods. Now, what did that mean to the people to whom I am appealing right now? It meant this, that the purchasing power of at least 50,000 people in the State of Oklahoma alone was destroyed for about 18 months. Now, you are our manufacturers. In the cities of New York, Chicago, St. Louis, Detroit, Cincinnati, Philadelphia, Pittsburgh, and other big eastern markets are the jobbers who supply us with the materials of which I am speaking. So what is the effect as to tributary floods on the people of this part of the country? It is this: When the buying power of the people on these tributaries is destroyed—and when it is destroyed it is for about 18 months—you people feel the effects of it the same as we do. I dare say that as we talk of the unemployed in this country to-day, that if you will check up on your mills and on your wholesale houses you will find that quite a bit of this unemployment is reflected in the fact that the purchasing power of the people on the tributary rivers of the United States was destroyed for over 18 months in 1927.

Not only that, but, my friends, you folks own our railroads. If you do not own them physically, you own their bonds, and what happens when millions of tons of freight is destroyed by the ravaging floods on the tributaries? You do not clip the coupons on the railroad bonds which you own.

Not only that, but the people in this eastern and northern country to whom I am appealing for the tributaries have been there a long time. Your pioneering days are past; you have been thrifty; you have got money, and in your country you own the mortgages on the farms of these pioneer farmers that are being flooded out on these tributaries. So when the floods ravage those farms, when they wash away the soil, and when they decrease the value of those farm lands your people suffer as well as we.

Not only that, but in this country through which these tributaries flow and do their damage is the bread basket of the United States, and whenever thousands of acres of wheat, corn, and cotton are drowned out the people of your country suffer as we do by reason of the diminution of these foodstuffs. Not only in that line, but when through these floods the foodstuff is destroyed and there is kept off of the market millions of pounds of pork and beef it is your people who feel it as well as we in the tributary country.

When you of the Northeast and the East come to us of this stricken valley and ask for measures to protect your coast in the way of coast guards, fortifications, battleships, lighthouses, and anything else that you feel necessary, we have never and will never hesitate to, without questioning you, acquiesce in giving to you everything necessary.

Not only that, but out in that vast country, running from northern Arkansas up to the Canadian border, is a great empire within itself, if only there was water to enrich it and make it come forth with crops as it would. And along that line I want to repeat what the gentleman from New York said a few minutes ago, and that is that in considering these matters we should also look to the future. If these tributaries are properly controlled, water will be stored at their headwaters through reservoirs, and as a result of it there will be created thousands of homes for people who would be much better off to-day if they had an outlet out of the crowded cities and the crowded communities of other parts of this country, and that would have no effect upon the present condition of the farm situation for the reason, as in the case of the basin just spoken of, that it

will be years before this can be accomplished, and with the increase in population which is natural this country must look for an outlet for these people sooner or later.

Now, Mr. Chairman, there has been a great deal said about the cost of flood control. I am not going to discuss that with the exception of saying this, that when we entered into the construction of the Panama Canal project we did not know what it was going to cost; it was a national necessity; we did it and we have never had cause to regret that we did it. Whatever adequate flood control shall cost the safety, peace, and prosperity of the Nation demands it. It is a national necessity, and like the Panama Canal we must meet the emergency and do it. But here again I call your attention to the fact that so far as the tributaries are concerned, we are only asking for $5,000,000, and that the Nation is not placed under any further obligations. I call your attention to the fact that when $25,000,000 was asked to purchase the Mall property and beautify Washington we of the tributaries voted for it, and our people will contribute their part of the taxes. When the people of Washington suggested four and one-half million dollars to build a roadway to Washington's Tomb, we of the tributaries supported it and our people pay their part of the taxes. When the Government asked for millions upon millions of dollars with which to build buildings in Washington, we of the tributaries supported it and our people are contributing their part of the taxes; and then when we ask for a paltry appropriation of $5,000,000 with which to provide plans for preserving the peace, prosperity, and happiness of the people on these tributaries in the matter of flood control, it is somewhat disgusting to us that the newspapers and others who have not analyzed and considered this matter so far as the tributaries are concerned cry out "Pork barrel!"

Now, Mr. Chairman, it is true that another section of this bill provides for a study of their reservoir system of controlling floods; but it carries with it a mighty little expenditure of money unless the Government shall decide that this plan is feasible. Let us see for a minute about reservoirs, both from a national and tributary standpoint.

The Army engineers tell us they would have little, if any, effect upon the Mississippi.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. SANDLIN. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. HOWARD of Oklahoma. It would be presumptuous for me to enter into an argument with these engineers; but other engineers, probably just as capable, say that reservoirs will have a decided effect upon the floods of the Mississippi.

I pointed out to you a while ago that the losses on the Arkansas in Oklahoma and Arkansas last year were $36,000,000. Where did the floods come from that caused this loss? Records show that they came down the tributaries to the Arkansas from the States of Kansas, Mississippi, Oklahoma, and then into the Mississippi.

Estimates which have been furnished to the Committee on Flood Control show that the building of three reservoirs in the country where this flood arose—mind you, statistics show that 25 per cent of the flood waters at Arkansas City, Ark., where the Arkansas empties into the Mississippi, came out of that river, and we have offered evidence before the Committee on Flood Control that three reservoirs in the country where this flood arose on the Arkansas could be built at a cost of $21,000,000, and would have prohibited this $36,000,000 loss in the States of Arkansas and Oklahoma.

Had these reservoirs been there they would have been of permanent and lasting benefit as well as have prohibited the loss referred to.

But what of the effect on the lower Mississippi? Engineers tell me that they will have a great effect. For your benefit I submit a statement from one who has given study to flood control:

> The 1927 flood in the Arkansas River constituted about twelve-twentieths of the measured flood flow of the Mississippi below the confluence. In any event, it was half of it. The western edge of the storm area was just west of Wichita. In the storm area, on the upper Arkansas, there was projected by the Oklahoma commission and the interstate commission, reservoir capacity of about three and one-third million acre-feet of water, at a cost of slightly over $21,000,000.
>
> The peak flow at Fort Smith for a few hours was 714,000 cubic feet of water per second. The bank capacity of the Arkansas is given as 370,000 cubic feet of water per second. The difference of 344,000 cubic feet of water per second is the overflow at peak. The reservoir capacity above given would have skimmed off the top 400,000 cubic feet of water per second for about four and one-half days, or the top 300,000 cubic feet of water per second, bringing it down to harmlessness for about six days. Of course, the peak only lasted a few hours, so it may be reasonably figured that it would have kept the flood flow of the river down to bank limits at all times, and there would have been no destruction in the Arkansas Valley, and the injury below would have been greatly diminished.

Not only this, but if you will read the report of the Army engineers you will discover that General Jadwin said in his report:

> Many reservoirs on the tributaries, which would be of little help to the Mississippi, will be of great value in the control of floods on the tributaries as well as for other uses.

This being true, I ask you why not build them and give the tributaries the protection General Jadwin suggests these reservoirs will offer? And, not only that, if we find they will be of benefit to the tributaries, then we know they will be of benefit on the lower Mississippi. Why should we, when there is little, if any, expense attached, refuse to give this plan consideration? In this consideration it is not altogether improbable that we might find a better and a cheaper way to control the Mississippi.

In conclusion let me say, Mr. Chairman, that everyone admits that flood control on the Mississippi is a national problem. If on the Mississippi, why not on the tributaries?

How can any Member justify a vote protecting the people of the lower Mississippi and neglecting the same kind of sufferers on the tributaries? Is this to be a divided and sectional nation on this great question?

Is there a Member of Congress living on a tributary or in a State through which these tributaries flow who is going to cast his vote on this measure to give relief to other people and neglect his own people?

If you live in a State where one of these tributaries flows, whether it touches your district or not, it does injury to every citizen of that State, for as these floods rage, as land values decrease, business in your State, whether the tributaries touch you or not, is injured, land values reduced, and taxation on every citizen of the State raised to just that extent. Consequently, every man and women in the Congress from a State that one of these tributaries touches is just as much under obligation to see to it that the Government treats the tributaries fairly as though he lived directly on that river.

Mr. EVANS of California. Will the gentleman yield?

Mr. HOWARD of Oklahoma. I yield.

Mr. EVANS of California. Where would the gentleman draw the line of demarcation between Government control and local control? The gentleman says the tributaries are entitled to the same consideration as the Mississippi, but there must be a line of demarcation somewhere, otherwise we would put all the control in the hands of the Government.

Mr. HOWARD of Oklahoma. The control of all these rivers is under the Government. That is what this survey will bring out, if you will only give it to us.

Mr. EVANS of California. Where is the line of demarcation?

Mr. HOWARD of Oklahoma. That is what this survey will bring out. That is one reason we are asking that you make this study and help us to formulate plans.

We are only asking for the small sum of $5,000,000, or so much thereof as is necessary, with which to do this work, which, as a matter of fact, affects every one of you. I can not believe that we of the 31 States of the Mississippi Valley are going to be sent home from this Congress and told by this Congress and by this administration that you have no interest whatever in our problems. Adverse action as to the tributaries would mean just that and that alone.

Mr. WILLIAM E. HULL. Will the gentleman yield?

Mr. HOWARD of Oklahoma. I yield to the gentleman.

Mr. WILLIAM E. HULL. I believe the gentleman ought to change his statement, because the $5,000,000 we are asking is for surveys.

Mr. HOWARD of Oklahoma. Yes.

Mr. WILLIAM E. HULL. And the gentleman stated that is all we ask.

Mr. HOWARD of Oklahoma. I say that is all we are asking in this bill.

Mr. WILLIAM E. HULL. I do not want the gentleman to leave the impression that is all we are going to ask, because the tributaries are as important as the main line, and we have got to have them taken care of at some future time.

Mr. HOWARD of Oklahoma. I stated at the beginning of my talk, I will say to the gentleman from Illinois, that all we are asking now is this survey, and then the part that the State and the Government are to play will be a matter for later consideration.

Mr. RAGON. Will the gentleman yield?

Mr. HOWARD of Oklahoma. Yes.

Mr. RAGON. There is another item in the bill that pertains to the tributaries which I do not think the gentleman would want taken out, and that is an appropriation of $5,000,000 for emergency work on the tributaries. This item is in a separate section of the bill and it is one I do not think the gentleman would want taken out of the bill.

Mr. HOWARD of Oklahoma. Of course, I have been discussing flood control on the tributaries. [Applause.]

[Mr. HOWARD of Oklahoma asked and was given permission to revise and extend his remarks in the RECORD.]

Mr. SANDLIN. Mr. Chairman, I yield 20 minutes to the gentleman from Kentucky [Mr. KINCHELOE].

Mr. KINCHELOE. Mr. Chairman and gentlemen, a few days ago my good friend from Michigan [Mr. KETCHAM] undertook by some index numbers and some hypothesis and a great deal of optimism to show that the agricultural interests of this country are greatly improved under the tariff on agricultural products.

A little later the gentleman from Texas [Mr. WURZBACH] made an extended speech on the floor of the House, advocating not only a tariff upon agricultural products of this Nation, but what a wonderful benefit it had been to the American farmer.

Of course, the gentleman from Texas did not make that speech for the purpose of giving information to the House or the country or home consumption. He made it solely for the purpose of its being circulated in the district of the gentleman from Texas [Mr. GARNER] in order to embarrass him in his fight at the coming election.

I do not hold any brief for Mr. GARNER; he does not need any. He is able to take care of himself. But I want to say, in passing, that there has not been a man on the floor of this House since I have been a Member of it that has rendered more able service and patriotic service to his country than JOHN GARNER, of Texas. [Applause.]

I saw him take the lead a year or so ago, when the Mellon tax plan was up, the sole purpose of which was to relieve the immensely rich of the country, giving no relief to the little fellow, the poor fellow—I saw Mr. GARNER wage such a brilliant fight that he not only whipped the Secretary of the Treasury, but by his superior ability and leadership in that fight he made it so effective that the majority of the Ways and Means Committee did not vote out the Mellon tax plan. [Applause.]

I imagine that when JOHN GARNER'S constituents read the speech made for the purpose of embarrassing him the constituency that knows him, that believes in him, and that delights to honor him, will make his majority in that election a good deal bigger than the majority the gentleman from Texas [Mr. WURZBACH] will receive in his district when it comes. [Applause.]

Why did he try to beat John GARNER? Because Mr. GARNER had the temerity to stand here and make a fight to prevent the repeal of the inheritance tax, thereby compelling the immensely rich in this country to bear their proportion of the taxes, so that the children of these rich people whom the Government has protected while they were making their fortunes pay a small per cent of it to this Government. And yet, because JOHN GARNER proposed to keep on the statute books of our Government a law where they shall contribute a proportion of that to defray the expenses of the Federal Government, when they are allowed $100,000 exemption before they pay a cent—because JOHN GARNER has waged successfully the fight, this lobby in Washington, through the instrumentality of the gentleman from Texas [Mr. WURZBACH] had him make that speech for the purpose of going into JOHN GARNER'S district.

I want to show you something about the tariff on agricultural products. Of course, anybody that knows any economics at all knows that you can not make a tariff effective on any product where a surplus is raised. We produce a surplus of agricultural products in this country to such an extent that the surplus controls and makes the world price.

You gentlemen on the Republican side of the House admit that it is not effective because you are trying to pass the McNary-Haugen bill, or a debenture plan, in order to make the tariff law effective.

I maintain that the tariff on wheat is a miller's tariff. I maintain it is put in the McNary-Haugen bill for the protection of the miller and not the farmer. I will show you in a minute.

Why, for the last year, notwithstanding the tariff of 42 cents a bushel, wheat sold higher in Winnipeg than in Minnesota over half the time.

Under section 313 of the Fordney-McCumber bill there is the drawback provision. Under that it provides that the big millers, who mill what is called in bond, who import their wheat from Canada, the hard wheat for the purpose of blending, in order to get the benefit of the drawback they have to mix at least 30 per cent or more of American wheat with the Canadian wheat and grind it into flour and its by-products and export the flour and its by-products. I want to give you some statistics, because I got these from the Tariff Commission. The tariff on wheat for 1922 and 1923, under the original Fordney-McCumber Act, was 30 cents a bushel. In 1924, under the flexible provisions of that tariff act, the President increased the tariff on wheat to 42 cents a bushel. That has been in effect since 1924 to 1927, inclusive. I want to show you how much benefit the millers get under this drawback provision.

If they import a hundred thousand bushels of Canadian wheat to-day, when it comes to the port of entry, they pay the 42 cents a bushel tariff; but when they turn around and mix with that hundred thousand bushels of Canadian wheat as much as 30,000 bushels of American wheat and grind it into flour, and its by-products, and export it, then as soon as that operation is over, under this provision of the bill, they go right back to the customhouse and draw down 99 cents on every dollar they paid in tariff in order to get Canadian wheat in here. The littler millers who import the Canadian wheat and use it domestically do not get that benefit. They pay their straight 42 cents a bushel. I am inserting here statistics prepared by the Tariff Commission showing the number of bushels of wheat from 1922 to 1927, inclusive, imported by the small millers upon which duty was paid and the amount of duty paid each year. In the next column it is shown the amount of wheat imported each year by the big millers for milling in bond, and also shows the amount of tariff each year that the big millers drew out of the Treasury as a drawback, which I am sure will be not only interesting but somewhat a revelation to the wheat growers of the United States, and I hope will be impressive on some of the would-be farm leaders of the House who supported the Fordney-McCumber tariff bill with this drawback provision in it. This statement is as follows:

Imports of wheat into the United States
(Act of 1922)

Calendar year	Duty-paid wheat		Imported free in bond for milling and export as flour	
	Quantity	Duties paid	Quantity	99 per cent of estimated duties
	Bushels		*Bushels*	
1922 [1]	3,165,025	$949,508	3,998,888	$1,187,669
1923	8,929,749	2,678,925	9,988,592	2,966,612
1924 [2]	6,894,625	2,149,887	9,479,819	3,578,335
1925	1,308,399	549,528	10,439,714	4,340,833
1926	451,029	189,432	15,429,102	6,415,421
1927	21,299	8,946	11,152,699	4,637,293

[1] Act of 1922, Sept. 22–Dec. 31, 1922, dutiable at 30 cents per bushel.
[2] By presidential proclamation, dutiable at 42 cents per bushel, effective Apr. 6, 1924.
Source: Foreign Commerce and Navigation of the United States.

Let us see how it has been working during the last seven years. The little miller and the other fellows who imported Canadian wheat for domestic purposes imported in those seven years 20,770,127 bushels of wheat, upon which they paid 30 cents a bushel for two years—1922 and 1923—and 42 cents a bushel for 1924, 1925, 1926, and 1927, and by reason of that law these little fellows paid tariff into the Federal Treasury a total of $6,526,226, and they did not get any drawback.

Mr. SUMMERS of Washington. But if they had shipped it out, they could have gotten the money.

Mr. KINCHELOE. Oh, yes; but they did not ship it out. They are not so fortunate.

Mr. SUMMERS of Washington. But they are in exactly the same situation in that respect as the big miller.

Mr. KINCHELOE. The gentleman voted for that, and, as I understand, he is for that provision?

Mr. SUMMERS of Washington. I want to get this clearly in the RECORD, that the little man and the big man are treated exactly the same.

Mr. KINCHELOE. The gentleman indorses that provision, does he?

Mr. SUMMERS of Washington. I have given my answer that they are treated the same.

Mr. KINCHELOE. Well, I would not flinch; I would say yes or no. The gentleman did vote for it, did he not?

Mr. SUMMERS of Washington. The record will reveal.

Mr. KINCHELOE. Then I now reveal the RECORD, and I say that the gentleman did. Let us see how the big miller was treated under the drawback provision. Understand it was

claimed that this tariff on wheat was put there for the benefit and protection of the American wheat farmer, and not the big miller. On those 20,000,000 bushels of wheat the little fellow paid a tariff of over $6,000,000. Yet in those same seven years the big millers who imported Canadian wheat for purposes of later export, imported 60,488,814 bushels of wheat. If they had paid the 42 cents tariff like the little fellows paid, they would have paid into the Treasury of the United States $23,706,794.28; but did they? No; they took advantage of this drawback provision, and instead of paying $23,000,000 and odd into the Treasury, they drew back 99 cents on every dollar that they paid in the first place, and actually put into the Treasury only $237,267.94.

Mr. CHINDBLOM. What would the gentleman do? Move the mills to Canada? Is that what he wants to do?

Mr. KINCHELOE. No. I will tell the gentleman what I would do. If these big millers did not have this blessed privilege of the drawback which your party put in there for the benefit of the big miller, they would not have gone to Canada to get these 60,000,000 and odd bushels of hard wheat and paid the 42-cent duty on it. They would have gotten it from the farmers of the Northwest in the United States who raise that kind of wheat. North Dakota produced an annual average during the last five years, 105,000,000 bushels of hard wheat a year. That is just as good wheat as the Canadian wheat.

Montana produces about 70,000,000 bushels a year of hard wheat, which is just as good as the Canadian wheat. Western Minnesota produces 25,000,000 bushels of hard wheat every year. So we have a tariff bill to "protect" the American wheat farmer, but it has this drawback provision in it for the benefit of the large miller. If that drawback provision had never been in the law, there would have been over 60,000,000 bushels of wheat in the last seven years taken out of the bins of the American farmer who grows hard wheat, instead of out of the bins of the Canadian farmer, and you would have had that much less surplus of wheat to dump on the world's market.

Mr. SUMMERS of Washington. What becomes of all of those millions of bushels of hard wheat produced in this country? Are they not all consumed in this country?

Mr. KINCHELOE. Certainly not. We produce in this country over 800,000,000 bushels of wheat a year.

Mr. SUMMERS of Washington. What becomes of the hard wheat?

Mr. KINCHELOE. We export a large part of it. We produce 800,000,000 bushels of wheat a year, and we consume about 600,000,000 bushels of wheat. We sow about 50,000,000 bushels of wheat. Therefore, you have an average surplus that goes into the world market of 150,000,000 bushels of wheat every year.

Mr. SUMMERS of Washington. But it is not hard wheat.

Mr. KINCHELOE. Absolutely; hard wheat in the same proportion as soft wheat. Here is your millers' tariff, here is the tariff that you put on the statute books and that you are now acknowledging is not effective, because you want the McNary-Haugen bill or the debenture plan in order to make the tariff effective on this proposition. Therefore, it is a millers' proposition. Talk about protecting the surplus and the American farmer! Those big fellows imported 60,000,000 bushels of wheat into this country upon which they paid only 1 cent a bushel, while the little fellow paid over $6,000,000 duty on 20,000,000 bushels of wheat.

When you say it is for the benefit of the American farmer I want to refer you to these figures, and I hope the gentleman from Texas [Mr. WURZBACH] will send it to the wheat growers of Texas and let them say what a wonderful benefit this tariff is to the American wheat grower; and if he did that he would have a harder time in explaining the speech he made the other day than he had a year ago when he undertook to explain and defend himself against the onslaught of JOHN GARNER. [Applause.]

The CHAIRMAN. The time of the gentleman from Kentucky has expired.

Mr. SANDLIN. Mr. Chairman, how much time have I used?

The CHAIRMAN. The gentleman from Louisiana has used one hour and five minutes.

Mr. SANDLIN. Mr. Chairman, I yield 30 minutes to the gentleman from South Carolina [Mr. HARE].

The CHAIRMAN. The gentleman from South Carolina is recognized for 30 minutes.

Mr. HARE. Mr. Chairman, it is not my purpose to enter into a lengthy or detailed discussion as to the necessity for legislation looking to the relief of agriculture, but will ask you to agree with me in the statement that the industry as a whole is in rather a deplorable condition and that there is almost a universal demand for legislation that will assist in restoring and maintaining a successful agriculture.

However, in order to first determine whether the legislation I am proposing (H. R. 10562) will meet the requirements and satisfy the demand I think it proper to make a hurried review of the situation, give my interpretation of facts, and submit a legislative program as a solution of the problem. That is, we will endeavor to locate the trouble with agriculture, determine the cause or causes thereof, and then suggest a remedy.

Such a procedure is in harmony with the practice of the physician who listens to the complaint of his patient, locates the trouble, determines the cause, and recommends treatment for the removal thereof.

The outstanding complaint coming to Congress from the agricultural interests is that the margin between the costs of production and prices obtained for farm products is too narrow and the net income is so small that farmers are unable to develop or maintain a standard of living in keeping with that enjoyed by persons engaged in other occupations or industries. As a matter of fact, it is alleged and proven that the margin in most cases is entirely wiped out and the returns on capital invested and labor expended have been so small that hundreds and thousands of farmers have been compelled to surrender their homes and go into bankruptcy.

Another complaint is to the effect that the spread between the price received by the producer and that paid by the consumer is too wide and that the present methods of distribution operate as an unwarranted burden upon both the producer and the consumer. Coupled with these complaints is the demand that the margin should be increased in the first place and decreased in the second. Some contend that the only way to widen the margin in the first instance is to increase the price, while others say that it can be done only by decreasing the cost of production. My position is that we can do both, and the plan I propose to submit for your consideration contemplates both a decrease in the cost of production as well as an increase in the price to the producer. It further contemplates a reduction in the cost of distribution which will lessen the spread between the price received by the producer and that paid by the consumer which, in effect, should increase the price received by the former and decrease the price paid by the latter.

I call attention to this feature of the proposed plan at the outset, because some of the plans submitted to Congress so far are calling for legislation designed primarily to increase prices only; and in this connection I wish to make it clear that I am not referring to this difference in a spirit of criticism, because I firmly believe that prices for farm crops generally are too low. However, it should be remembered that prices are high or low, according as they appear above or below the cost of production. For instance, 15 or 20 years ago the wheat farmer of the West could have grown rich with wheat selling for $1.25 per bushel, and the cotton farmer of the South could have done the same thing with cotton selling at 15 cents per pound, but with such prices to-day, with increased cost of production, these farmers can hardly make a living. At that time such prices would have been considered high, but now they are said to be low, even below the cost of production.

While this is a most important phase of the problem, we should not lose sight of that feature charged with the responsibility of decreasing the margin or spread between the price received by the producer and that paid by the consumer, for it has been estimated that the cost of farm products to the consumer, over and above that received by the producer, exceeds the amount received by the farmer in the first place. For instance, it was stated at the hearings before the Committee on Agriculture that for the 17 standard food products consumers pay $22,500,000,000, of which the farmers received only $7,500,000,000. In other words only about one-third of the price paid by the consumer is received by the producer. It appears therefore from the complaints made and the evidence submitted that the real trouble with agriculture is that the margin between the cost of production and the price received by the farmer for his crop is too narrow, and that the margin between the price he receives and the price paid by the consumer is too wide.

If it is agreed that this is the trouble, we proceed next to look for the cause. It is held by many that the price received by the farmer in the first place is too low because the quantity he has for sale at any one time is out of proportion to the demand, or that there is a surplus over and above that actually needed by the consuming public, and this surplus depresses the price unnecessarily low. Then it is said that the spread between the price the farmer receives and that which the consumer pays is too wide because the selling agencies, the system of marketing, the transportation costs, and other costs of distribution are excessive and too expensive.

Now, if the narrow margin between the cost of production and the price received by the farmer for his crop is caused by a

surplus, some plan should be devised for removing that cause, and if the wide margin between the price received by the farmer and that paid by the producer is caused by a vicious system of marketing and distribution, some plan should be devised to remove this cause and substitute therefor a system that will be most economic in its operations. But whatever is done should be in keeping with the constitutional requirements and well-established principles of our Government. If I were so inclined, I might take up the bill that has been reported by the Agricultural Committee and think I could show where it will not meet the acid test of these requirements, but it is not my purpose to criticize any other plan for farm relief, but to suggest what I consider a superior one both from the standpoint of economy and successful operation.

However, before going into the details of the plan I have to offer let me suggest that the solution of the agricultural problem from a legislative standpoint will be arrived at very much in the same manner and upon the same principles that the individual farmer successfully solves the problems of his individual farm; that is, a successful legislative program will be reached, or the problem from a governmental standpoint will be solved, very much in the same manner and upon the same principles followed by successful enterprises in the solution of their problems. To illustrate, there are a number of farmers as well as other business men who are Members of Congress. Suppose you are a successful farmer and you are thinking about enlarging your farming operations, or if you are thinking about adding a new type of farming to your existing operations, the first thing you will do is to make careful observations and records of your various existing farming operations to see how these operations and the proposed new one will dovetail into each other; to see whether the proposed operation will be a liability or an asset to the others; to see whether or not the cost of one operation will assist in defraying the expense of the other; to see whether the capital invested in one can in any way be used to supplement the investment required in the other; to see whether the labor or machinery used in your existing operations would be suitable for the proposed one, so that you would be able to secure maximum production at the minimum cost.

I am sure you will agree with me in the statement that enlarged activities of any successful business enterprise are generally arranged so that their operations will be coordinated and dovetail into each other, so that maximum net production of the whole with the minimum cost may be obtained. I pause here long enough to inquire, Why should not the same principles apply in a legislative program? Therefore, in proposing legislation for the relief of agriculture I submit that we should first cast about or look around and see whether there are any existing governmental agencies that may be utilized for accomplishing the purposes contemplated before we attempt to create new, independent, and untried agencies to accomplish the same end. Common sense, business sense, horse sense, sound political sense, yea, dollars and cents, all demand such an inquiry.

I think we are generally agreed on two things in connection with the farm-relief problem; one is the handling of surplus crops, or that of surplus control, and the other is economic marketing, generally recognized as cooperative marketing. However, I take the position that stabilized production is just as important as either or both of the other factors combined, for when we stabilize production, surplus control follows as a natural consequence, and without some regulation or control of production the surplus-control idea will become nothing more than sounding brass or a tinkling cymbal. But I will speak of this in more detail later on and direct my remarks now to the practical operations of the bill, although it will be impossible within the time allowed to go into all the details.

In the first place we have the board quite similar to that provided for in most of the other farm-relief plans. It determines when there is a surplus of a crop and whether under the provisions of the bill the commodity cooperative association is entitled to advances, as provided therein, the conditions being that the producers have conformed to the spirit of the law with reference to acreage, that there is a surplus which has depressed or threatens to depress the price below the cost of production, and that there is a duly organized commodity cooperative association of producers to handle such surplus.

The board then arranges with the existing financial agencies of the Government, coupled with the use of the revolving fund provided for in the bill, to advance the producers, through their association, the market value of the crop to be removed from the market and stored. The crop is held until the emergency has passed and the price has reached such a point that the crop can be sold without loss to anyone; and in case there is a profit after insurance, storage, and other costs have been paid, it shall be distributed among the members of the association or according to the regulations of the association. Farmers will clamor to join the cooperatives after one successful season.

Of course, in these operations the board will have not only the assistance of the financing agencies of the Government, but will have the cooperation of the Federal warehouse system, the cooperative marketing system, the Bureau of Foreign and Domestic Commerce, the Interstate Commerce Commission, the Bureau of Agricultural Economics, the Extension Service, and other governmental agencies. In other words, there will be a coordination of the efforts of these various agencies, and in addition to the authority they now have they will be clothed and charged with a more definite responsibility in the discharge of the work assigned to them.

You all understand that surplus crops can not be handled efficiently and effectively without proper and sufficient finance, adequate storage facilities, and scientific marketing; and that the maximum success can not be obtained without the coordination of these agencies, coupled with the least possible administrative cost. In this connection I wish to illustrate the operations of the bill I am submitting by the chart and the classifications on the next page.

SURPLUS CONTROL

It will be observed from the illustration that the intermediate credit bank, the Federal reserve banks, and the revolving fund provided for in this bill furnish ample financial arrangements for handling the surplus of any crop with a minimum cost.

The storage of such crop or crops is provided for under the Federal warehouse act, or any approved State warehouse systems, and can be done with the least possible cost.

Proper and most efficient marketing should be obtained under the directions or suggestions of the cooperative marketing division of the United States Department of Agriculture.

It appears to me that the Government has already provided ample basic facilities for handling or financing the surplus of any and all nonperishable farm crops; the only thing remaining to be done is to coordinate the work of these agencies, clothe them with a responsibility, and use the proposed farm surplus board as a connecting link between them and the organized producers. This will eliminate hundreds, thousands, and millions of dollars in the way of administrative expenses, and will have the effect of economizing on the Coolidge policy of economy.

ECONOMIC MARKETING—WHERE, WHEN, AND HOW

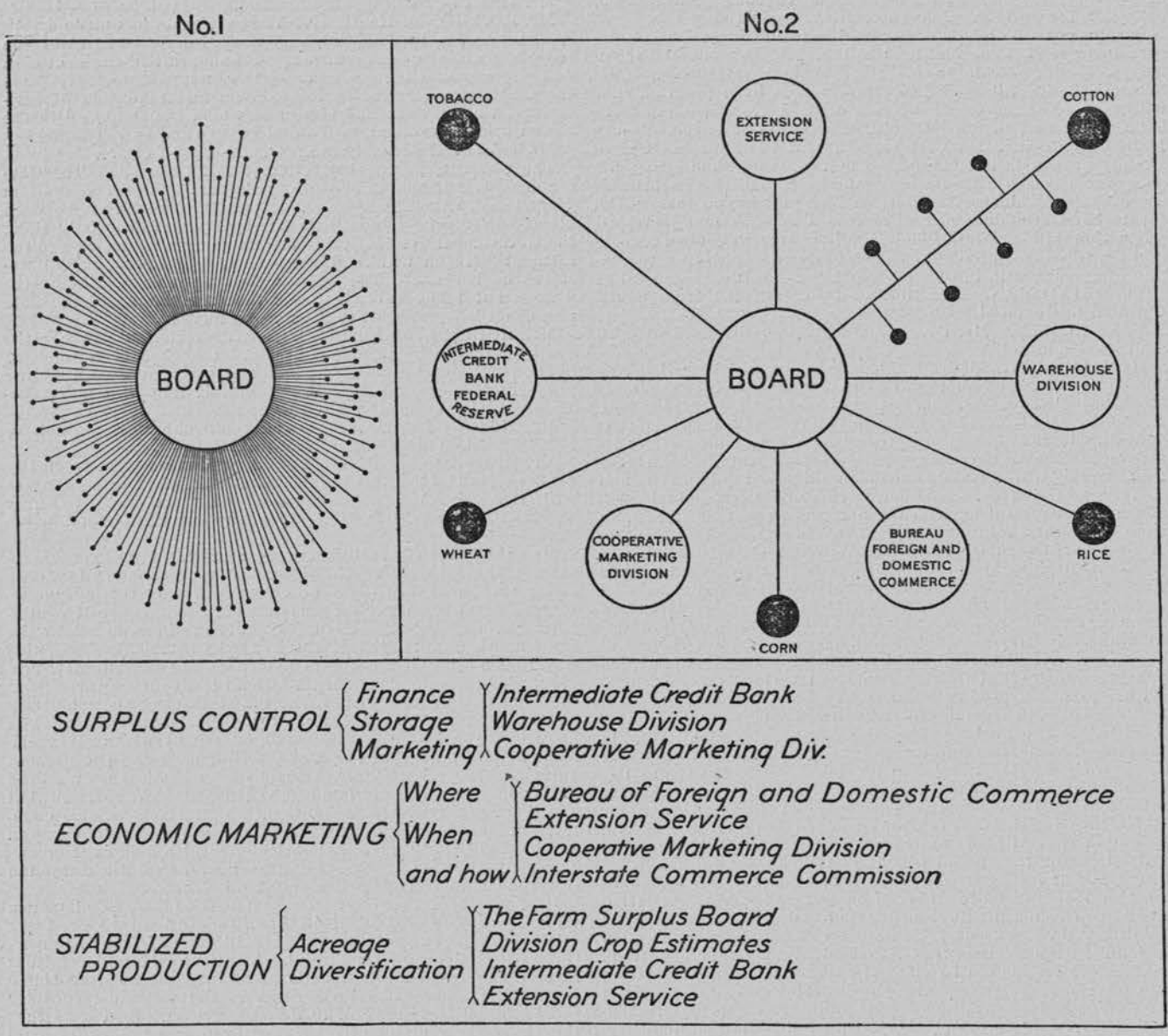
In order to market crops to best advantage from every standpoint it is important to know where the demand is greatest and market facilities are best. It is important also to know the time as well as the place crops can be sold to the best advantage, and then no little attention should be given as to the manner in which crops are placed on the market, because it is often the appearance and stability of the pack that brings the maximum returns to the producers. The cost of getting the product to market is another factor deserving most careful consideration, for after all it is not always the price the farmer receives, nor the market at which the crops are sold, the time they are sold, or the manner in which they are placed on the market that determines his net returns, but quite often it is the cost of transporting his products to market that accounts for his increased and ever-growing losses. The illustration shows how the operations of this bill enable the producer to know where, when, and how to market his crops to the best advantage.

The Bureau of Foreign and Domestic Commerce was created a few years ago by an act of Congress and given authority to promote and develop foreign and domestic markets and promote American trade therein. If this governmental agency is properly functioning, it will stand as an economic barometer, registering at all times the demand and location of markets for American crops and products. In other words this bureau should be able to say at any time where, if any, a market may be found for any farm product.

The cooperative marketing division of the Department of Agriculture was created by an act of Congress two years ago and directed to—

> render service to associations of producers of agricultural products, and federations and subsidiaries thereof, engaged in the cooperative marketing of agricultural products, including processing, warehousing, manufacturing, storage, the cooperative purchasing of farm supplies, credit, financing, insurance, and other cooperative activities.

This same act provides that this division shall study the operation, financial and merchandising problems of cooperative associations; make surveys of the accounts and business practices of representative cooperative associations; confer and advise with committees or groups of producers as to the best and most useful methods and practices in marketing farm crops or the products thereof. It appears to me that the only additional legislation needed along this line is that which will put this



division to work in a practical and definite way and coordinate its activities with other governmental agencies and with the board provided for in this bill. In other words the Government has already provided an agency for working out a system of efficient and economic marketing, and to enact further legislation for this purpose would simply be a useless, extravagant, and unwarranted expenditure of the people's money. This branch of the Government is well equipped and should be in a position to render most efficient service as to the manner, time, and method of marketing farm crops. It already has the authority to do so and should now be charged or clothed with the responsibility. The idea is to promote voluntary cooperation of producers and not enforced subordination to the will of any board or set of men.

In addition to the services to be rendered by the cooperative marketing division as to when and how farm crops should be economically marketed, the board would be in a position to cooperate with the Interstate Commerce Commission in determining and arriving at fair, reasonable, and just freight rates on agricultural products, and there is no doubt but what this is one of the very vital factors entering into economic marketing. This phase of the farm-relief problem is not even contemplated in any of the other bills introduced looking to the relief of agriculture, and I am satisfied that every Member here who knows anything about agriculture realizes that the relief from excessive and unfair freight rates on farm crops is as vital and essential as any other phase of the problem before us, and no legislation for farm relief will be complete that does not take this phase of the problem into consideration.

The board will have the right, the authority, and will be charged with the duty to see whether freight rates are excessive or discriminatory. For instance, if the board should find that a freight charge of $160 on a carload of watermelons from Allendale, S. C., to New York is excessive and should not be more than $100, it would file a formal complaint and submit evidence with the Interstate Commerce Commission requesting that a fair, just, and reasonable rate be fixed. The same consideration would be shown to other crops and other sections.

STABILIZED PRODUCTION—ACREAGE DIVERSIFICATION

I have outlined in a general way the operations of the proposed bill as it relates to surplus control and economic marketing of farm crops. I have endeavored to show how these two factors in agricultural relief should be coordinated in their activities. But there is an additional factor to be considered in solving the agricultural problem, and I am not certain but what it is the most important factor yet suggested; that is the stabilization of production. It seems from the hearings before the Committe on Agriculture that a good many people have an idea that the farm-relief problem consists only in providing some arrangement whereby the surplus of any crop may be removed from the market on "fat" years and fed back into the market on "lean" years, or "dumped" on the world

market for whatever price it may bring. On the contrary, I take the position this is only a part of the problem; the other, and possibly the major part, being to devise some plan, scheme, or policy for stabilizing or controlling production.

Surplus control alone will not, within itself, bring definite and permanent relief to agriculture; neither will economic and scientific marketing within itself bring the desired relief, but the two must be coordinated and supplemented by a program that will regulate or control the acreage of those crops wherein there is an occasional surplus. Of course, whenever a surplus occurs I am heartily in favor of taking care of that, just as I have already proposed; but one of the best ways to handle the surplus over a period of years is to stabilize production as near as possible. It is almost axiomatic to say that if you remove the surplus and stimulate prices, increased acreage and increased production will certainly follow, and any surplus-control legislation that does not provide in some way for the control or regulation of acreage will, in the end, prove to be of little or no value.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. SANDLIN. Mr. Chairman, I yield to the gentleman 10 additional minutes.

Mr. HARE. Mr. Chairman, some have argued here that production is not always determined by acreage. That is absolutely true; but I know, you know, God knows, and everybody else knows, especially if they know anything about farming, that while production in any one year is not determined solely by acreage, increased acreage over a period of years, other things being equal, will certainly mean an increased production and an increased surplus. In other words, in order to obtain permanently successful agriculture, and we are not looking for a mere temporary solution, there must be such a diversification of crops, or a regulation of acreage, that total production will in a measure coincide with actual and legitimate demand. And when we speak of agriculture in this connection we refer to the industry as a whole and not to any particular type of farming, for no type of agriculture can be permanently successful while other types suffer or fail. Sooner or later there will be a leveling. The real problem, therefore, is to arrange a policy or program that will enable the various types of agriculture to adjust production or supply to meet natural requirements. This bill attempts to regulate acreage by withholding the benefits provided for therein for any particular crop in case the acreage shows an increase in acreage of that crop over the average for the five years previous. Some have said this is unlawful, or it can not be done, and yet the only argument submitted by these same people to justify the legislation for agriculture is that Congress has enacted laws for the special benefit of the railroads or transportation; that it has enacted legislation for the special benefit of industry or the manufacturer; and it has enacted special legislation for the benefit of labor and others, and for this reason they say special legislation should be enacted for the benefit of agriculture.

I think their reasoning is quite logical, and the suggestion is both pertinent, reasonable, and highly germane. I think that legislation should be enacted for the relief of agriculture and gave my reasons at the outset. However, the proposed legislation is intended to have the same effect as the legislation referred to in connection with transportation, industry, and labor, especially that part of the legislation looking to the regulation of acreage and stabilization of production, for it is almost wholly upon this principle that the Government has aided transportation. It limits the facilities for transportation, which is nothing more nor less than limiting supply or regulating production. You would not think of building a railroad from here to Chicago or New Orleans without first securing permission from the Interstate Commerce Commission. Transportation facilities are therefore limited; the supply is determined and fixed by the Government. It has done the same thing for industry. It simply built what we sometimes call a tariff wall around the United States which, in effect, prohibits the importation of manufactured goods. It regulates and controls production by placing a limit on the supply. The Government does the same thing in very much the same way with reference to labor. It builds another wall around the United States and limits the supply and curtails production. It then limits production or further supply by fixing the hours which constitute a day's work. Nothing wrong in this, and I am not criticizing or finding fault, but I am only trying to show why the same principle should be followed in an effort to aid agriculture, for if Congress is going to enact a law for the benefit of agriculture I want to enact one that will do some good. Let us put into that law a provision that will have a tendency, at least, to regulate acreages and control production, and when we have done that successfully the problem is well on toward solution.

Mr. ROBSION of Kentucky. Would it divert the gentleman if he yielded at this point?

Mr. HARE. I will be glad to yield.

Mr. ROBSION of Kentucky. The gentleman has made a very splendid statement and I am very much interested in it. I can see where the Congress can regulate immigration, the railroads, and those engaged in railroad service, but where do we have the constitutional right to reach down and take hold of agriculture, which is not interstate and which is not named in the Constitution, like immigration and import and export duties.

Mr. HARE. I probably did not make myself clear.

The Government does not attempt to fix acreage. The Government does not attempt to say to a man, "So far shalt thou go and no further." It does not attempt to say what he shall plant, how much or how little he shall plant. The only thing the Government does is that it sets up an agency and says to the farmer: "If you will comply with the conditions you will receive the benefits." The banker does not compel me to sign a note, but I have always found that the signing of the note is a condition precedent to getting the money.

Mr. ROBSION of Kentucky. I am wondering whether the gentleman has the principle in mind that has been followed by Congress in the maternity act and other acts wherein the proposition is made to the States that if they will accept so-and-so the Government will do so-and-so?

Mr. HARE. Let me say to the gentleman that I did have that in mind, and we can go back to 1861——

Mr. ROBSION of Kentucky (interposing). So it finally resolves itself into this proposition: Will the farmers agree with the Government on a certain policy and agree to carry out certain things, not based upon any compulsion of law—is that it?

Mr. HARE. The gentleman is correct. I wish to state further that this idea with reference to economic marketing is for the purpose of developing cooperative marketing, voluntary cooperative marketing and not enforced cooperative marketing in any way. I might say further, in replying to the gentleman's inquiry, that I think it was in 1862 or 1861, this Government passed what was known as the Morrill Act, providing for the establishment of agricultural colleges throughout the country and calling upon the States to meet them halfway on this proposition. A little later Congress passed what is known as the Hatch Act establishing the agricultural experiment stations, wherein the States would meet the Government halfway. Later on Congress established what is known as the extension service, to my mind one of the greatest services that has ever been rendered the agricultural interests of this country, and purely on the basis that the States would come in and meet the Government halfway and furnish dollar for dollar. There are a number of other precedents established by the Government for this principle or for this policy.

It should be remembered that a law simply entitled "farm relief" will not within itself stabilize agriculture or bring certain and permanent success. It will succeed just in proportion as it is able to harmonize and coordinate the major factors in production and marketing farm crops in the most economic way. Every successful farmer knows that he must consider the adaptability of the soil to the crop grown. He knows that the character and quantity of fertilizers used must be considered in his farm organization. He knows, further, that the extent to which any of the factors entering into his farm organization will contribute to the success or failure of his farm will be determined by the economic wisdom exercised in their use and application. The same principle is going to apply in the success or failure of farm-relief legislation. It should be remembered that every dollar of profit saved in putting this machinery into operation will find its way into the pocket of the producer, and every dollar of added expense necessary to put it into operation must be taken from the pocket of the producer, and unless we are very careful the machinery may be too expensive for the benefits to be derived. To illustrate: There is much improved farm machinery that could be used on many farms, but we all know that the cost of such machinery can not be justified by the operations on every farm. Now, a number of bills have been introduced for the relief of agriculture and most of them contain much merit, but the expense incident to installation and operation is too much to expect profit. Therefore in the enactment of any law we must be careful lest we install a machine that will be a burden and a liability to the farmer instead of being an asset and a relief. The coordination of the various agencies already referred to and provided for in this bill attempts to reduce the cost of operation to the minimum.

I think it proper to say in this connection that under existing arrangements for warehousing cotton, for example, a separate and distinct agreement or contract is necessary for every ware-

house, there is a different insurance rate, and a different storage charge in practically every instance. Under the proposed plan there would be central warehouses with maximum capacities located where insurance and storage would be the minimum. None of the other bills looking to taking care of the surplus seems to take this or other questions of cost into consideration. I gather from information furnished by the warehouse division that the cost of storing cotton per bale last year ranged from about $3.25 to $7.25, or a difference of about $4 per bale, depending, of course, on the location of the warehouse and facilities for fighting or obviating fire. It appears that by centralizing the storage you could easily reduce the cost of insurance and storage to $2 or $3 per bale, and save as much as $4 per bale in these two items alone. I understand further that approximately 7,000,000 bales of cotton will be stored in Federal warehouses alone this year. This would mean $25,000,000 or $30,000,000 saved to the producers on these two items alone on this particular crop.

You may talk about taking the surplus off the market on "fat" years and placing it back on "lean" years and charging the cost of insurance, storage, grading, sampling, and so forth, to the farmer in the way of an equalization fee or tax, or whatever you may choose to call it, but if you do this without taking into special consideration these costs and charges the expenses will run away with you, and your plan or scheme is doomed to failure to begin with. Placing the cotton in central warehouse will save at least $2,000,000 annually in the item of sampling and grading alone, for under existing arrangements the cost incident to sampling, classing, and grading is an enormous expense which heretofore is borne by the producer.

I said at the outset that it was not my purpose to be particularly critical of any of the other bills, but I want to say just here that one of the bills provides for making loans to any cooperative association engaged in handling, purchasing, marketing, or controlling the surplus of any agricultural commodity in excess of requirements for orderly marketing, or it permits the board in its discretion to make loans to individuals, corporations, or agencies for the purposes named. The point I want to make is this: There are over 10,000 such associations in the United States, and would be entitled to loans under the provisions of that bill, and the board would have the right to make loans to 10,000 or more other agents or agencies and then charge the producer a fee, or levy a tax upon his product, sufficient to pay the additional costs and charges incident to making these loans. In other words, under that bill you may be compelling the farmers to foot the bill for employing 1,000, 5,000, or 10,000 unnecessary employees incident to making thousands of loans, whereas the bill I am submitting for your consideration, the number of loans should not exceed two dozen, for under my bill you would make a loan, for example, to only one cotton cooperative association for holding the surplus, or to one cooperative wheat association, because one association can take care of the surplus as easily as a hundred associations can, and you would be relieved of the cost and expenses incident to making loans to the other 99, or possibly 999, associations, and a penny saved is a penny made. One of the real purposes of legislation is to reduce the expenses or costs incident to agriculture. Furthermore, when you are making these hundreds or thousands of loans you are not only increasing the costs to farmers, but you increase the competition between cooperative associations and, in effect, discourage cooperation, just the opposite of what the bill says is its purpose, and just the opposite of what is contemplated in practically all of the proposed farm relief legislation.

As I have just stated, the board under the proposed law may elect to deal with only one association for each commodity, and the dealings will be only with an approved cooperative association, which means that the Government of the United States is placing its seal of approval upon the cooperative effort of producers. It is not only suggesting to them the economy involved in their joint and united effort but says that it is ready and willing to lend a helping hand to aid and assist in the effort, and this is what I call farm relief that is worth something. It means the control of the surplus crops at the least possible cost and not at the expense of hundreds and thousands of employees, to be paid from a tax or equalization fee to be collected from the producer or, if not paid, to become a lien on the crop produced by the sweat of his brow. The virtue of this provision is easily understood when I tell you that the entire surplus of the cotton crop can be handled through only one association instead of trying to handle it through a dozen or more, because the last report of the cooperative marketing division says that there are 121 cooperative cotton associations in the cotton-producing States.

Another feature of the bill already referred to in the cost or expense bearing heavily upon the income of the farmer is the unreasonable, unfair, and, in many cases, excessive freight rates.

The other feature of stabilized production should be discussed at greater length, but time will not permit.

Mr. SIROVICH. Will the gentleman explain what he means by stabilized production?

Mr. HARE. Stabilized production comes as a natural result of the provision in the bill which says to agriculture that if the acreage is increased over and above the average for the five years prior thereto, then the benefits provided for in this bill will not be available.

This will mean, if I were planting 500 acres of cotton, which I do not do, I would say to myself, The Government has established an agency, the Government has established an institution that will assist me in taking care of my surplus at a price, I imagine, not below the cost of production, provided I maintain my usual acreage, but if I increase my acreage and plant more than 500 acres, I can not expect it. On the other hand, if I plant 500 acres or less, I can expect it.

What will be my reasoning? I will say to myself, I will plant only 500 acres or less, and I will proceed then to devise plans and means for increasing my yield per acre, diversifying my operations, and minimizing my costs.

When you have done this, friends, you have made a long step toward a solution of the agricultural problems, and until we do get to the point where we can maintain a certain production by decreasing the cost and by diversification I do not see much hope for agriculture.

When it is generally understood that the provisions of this bill, if it should become a law, can not be applied in taking care of the surplus of any crop when it is shown that the acreage planted exceeds the average acreage for the five years previous thereto, there will be no disposition on the part of farmers to increase acreage, but they will naturally and logically devote more attention to increasing yields per acre by more intensive methods, by improving their soils, and by greater diversification. The effect will be that in the course of years we will have a stabilized production of all crops and, therefore, a stabilized agriculture. You will see from the above classification that the easiest and most logical way for promoting stabilized production is by a more or less uniform acreage and diversification, not only of crops but of agriculture. That is, farmers will know not to put all their eggs in one basket when it is learned that the benefit of this governmental agency we are proposing will not be available if there is a persistent effort to increase acreage and thereby increase production and add to the surplus. The cooperative marketing division will emphasize this feature of the bill to those who are members of the commodity cooperative association of producers, the Extension Service, through its county agents, will carry the message into every nook and corner of this country, and then the farm surplus board and intermediate-credit banks will verify it when opportunity affords. In other words, we are proposing to utilize existing governmental agencies to assist and to aid in bringing about a permanently successful agriculture.

Mr. W. T. FITZGERALD. Will the gentleman yield for a question?

Mr. HARE. Yes.

Mr. W. T. FITZGERALD. How would the gentleman carry on diversified farming over what we might call a rotation of three or four years? In some localities in my State, for instance, we have clover this year, we follow that with corn and then with wheat and then clover. Then they have so much ground laid apart for pasture, but in this rotation they put out so many acres each year regardless of prices and they feed up the corn they raise on the one-third regardless of the price of livestock or hogs, and I should think it would be very difficult to carry on this rotation under that method.

Mr. HARE. That would be a farm-management problem and not contemplated in the operations of this bill further than that the extension service cooperating and coordinating its efforts with the board would enable your farmers to regulate their acreage and diversify their crops in such a way that your production would be more or less uniform, and then in case of a surplus of any one of these particular crops by an unusually good year by reason of abnormally good conditions, such surplus would be taken care of by the surplus control board.

Mr. W. T. FITZGERALD. Will the gentleman yield again?

Mr. HARE. Yes.

Mr. W. T. FITZGERALD. I am very much interested in this, because I have put it into practice. I farm by proxy, but nevertheless I am very much interested in it now. The difficulty comes with respect to our rotation of crops, which we are almost compelled to do because our ground is not the newest or the richest.

Mr. HARE. I might say to the gentleman it is not the purpose of this bill to enter into the field of agronomy, horticulture, or farm management, but to take charge of the surplus on the occasional years when there is a surplus, develop a system of economic marketing by encouraging and assisting cooperative marketing, and then stabilize production.

Mr. MORGAN. Will the gentleman yield?

Mr. HARE. I yield.

Mr. MORGAN. It is claimed by the advocates of the McNary-Haugen bill that the prices will be automatically raised to the extent of the tariff rates on the product. Under your system, I assume from your statement that in the five-year period there will be no surplus, and in what manner will you maintain prices equivalent to the tariff?

Mr. HARE. I regret to say that I am not able to answer the gentleman in detail, because we know nothing about tariff benefits down in my country. [Laughter.]

However, if production is regulated so as to meet normal and natural demands, the system of marketing and surplus control I am advocating will take care of prices, and over a period of five years the surplus of one or more years should be consumed by the shortage of other years. If not, then any and every plan yet suggested for surplus control will be an absolute failure, including the one I am proposing.

Mr. MENGES. Will the gentleman yield?

Mr. HARE. I will.

Mr. MENGES. The gentleman is talking about cooperatives. I would like to know how he is going to organize and maintain this enormous cooperative that he is talking about?

Mr. HARE. Just as easily as any other cooperative. I take the position that every crop ought to have its cooperative association for handling the surplus, and then you can have as many others as you may want for handling the remainder of the crop. For instance, there is no reason why we should have 121 cotton cooperative associations in the South to take care of the crop when it can be done by 1.

Mr. MENGES. That does not answer the question. I asked the gentleman how he is going to get 121 cooperatives together on cotton?

Mr. HARE. If we establish this plan it is not contemplated that an effort will be made to get these 121 associations together, but I know that there is enough ingenuity, enough ability, and enough skill among the cotton farmers of the country to organize a cooperative association to take care of the surplus if the Government will do its part, and I am one who believes that this cooperative effort should come from the producers themselves, and the effort should be free and voluntary and without any coercion or compulsion whatever, because I am opposed to creating any kind of an agency that will compel farmers to join a cooperative marketing association or make them pay their share of the operating expenses in case they do not join.

I have already stated that when it comes to handling the surplus of any crop it should be handled by one association, because if the Government is to aid or assist in advancing the money one can handle as easily as a hundred and do it at much less expense. Furthermore, suppose you would be trying to handle the surplus of the cotton crop with 50 or more cooperative associations, all under different management and control, neither would know when or where the others were planning to sell, and as a consequence you would probably find a half dozen or more trying to sell on the same market at the same time, and would therefore be competing with each other just as individual farmers are doing now, but if one organization is handling the entire surplus it can be done with less than half the cost, and then it can be placed on the market and sold to much better advantage.

The chart on page 2 illustrates the point I am trying to make. You will observe the number of black-headed pen lines running into the circle designated as the "board." These represent agricultural cooperative associations, and under some of the farm relief bills submitted for consideration practically every one will be entitled to loans through the board, and the cooperative marketing division of the Department of Agriculture says in its last report that there are 10,803 such associations. Think of the enormous number of employees it will take to make loans to 10,000 associations, or 5,000, or even 1,000, because a loan should not be made until a representative of the board could visit the section where the association is located and see if conditions and circumstances would justify the loan. The expenses would be charged either to the local association and collected as an equalization fee, or the Government would be called upon to employ this army of men and the people would be called upon to increase their taxes and pay these salaries. Under this bill you would have only one association to deal with for each crop when it came to handling the surplus, and probably only one insurance company to deal with in warehousing the crop. In this way I am sure you could decrease the cost or overhead charges a thousandfold or more.

The larger part of this chart illustrates how the work of the various existing governmental agencies would be coordinated and how the board deals with the commodity cooperative association of any one particular crop.

The small circles on the line connecting "cotton" with the "board" represent central warehouses, illustrating how a dozen or so of large central warehouses could be used in storing cotton instead of the hundreds and thousands used under existing arrangements, thereby effecting a saving of $25,000,000 or $30,000,000 a year on this one crop alone.

Now, in conclusion, gentlemen, let me say that a great deal has been said about the importance of this great industry in the political and economic life of our Government. I do not know that I can add anything to what has heretofore been said along this line, or pay a greater tribute to the life and character of the farmer as reflected in the history of our Government and in the life and existence of our commercial and industrial activities than as has been pictured here from time to time, but I want to say this great industry we call agriculture is no doubt the greatest and most honorable occupation on earth and has had placed upon it from the beginning of time the great seal of God's approval, which could be assigned as another reason why its demands should not be overlooked by Congress. For we find that our first parents, Adam and Eve, were no doubt horticulturists, because, by divine direction, they were placed in the Garden of Eden and commanded to dress and keep it. Abraham, who walked and talked with God, by divine selection was rich in cattle and probably the greatest ranger that ever lived. Then Jacob of old was well versed in the practical science of stock raising, and his efforts in animal husbandry not only met the approval but received the benedictions of an All-Wise Providence. Pharaoh, the wicked king of Egypt, dreamed of seven good ears of corn on one stalk. The government at the suggestion and under the direction of Joseph, through the guiding hand of his Creator, took care of the surplus of the farmer during the fat years and gave it back to the markets of the world in the lean years that followed. Moses, the meekest of the meek and saved from a watery grave, led God's chosen people from bondage and then sang of the increase of the field, the butter of kine, the fat of lambs, the kernels of wheat, and the pure blood of grapes. Joshua, under Omnipotent direction caused the sun in its fleeting course to halt and stand still long enough for the armies of Israel to avenge the enemies of Gideon; and with the same guiding hand he was permitted to cross over the river with his never-ending army, settle in the plains of Canaan, and enjoy the fruits of a land that flowed with milk and honey. Then there was Ruth, the most lovable character of sacred history, who dignified the labor of the man who eats bread by the sweat of his brow, with queenly beauty, dignity, and honor followed the reapers and gleaned in the fields of Boaz. [Applause.]

Mr. SANDLIN. Mr. Chairman, I yield two minutes to the gentleman from Georgia [Mr. BRAND].

Mr. BRAND of Georgia. Mr. Chairman and gentlemen of the committee, in January of this year I received a letter from the Boston University School of Education, in Boston, Mass., in which its writer states:

> We are making a survey to determine the 10 most pressing national problems in politics, economics, history, and civics.

I answered that letter, and in my letter took the position that the agricultural problem was the first and most pressing national problem among the 10 which were called for.

On April 7 of this year I received a letter, nonpolitical in its character, addressed to me from the Hon. E. H. Callaway, of the firm of Callaway & Howard, attorneys at law, of Augusta, Ga., which deals with the question of freight rates, since the passage of the Esch-Cummins law. Mr. Callaway is not only one of the outstanding men and one of the ablest lawyers in the State of Georgia, and an ex-judge of the superior courts of the Augusta circuit, but he is a dirt farmer, being one of the largest planters in the southeastern section of the State. I ask unanimous consent, because of the fact that we are soon to adjourn and others have time ahead of me, to insert this letter as a part of my remarks.

The CHAIRMAN. The gentleman from Georgia asks unanimous consent to extend his remarks in the RECORD in the manner indicated. Is there objection?

There was no objection.

The letter referred to is as follows:

CALLAWAY & HOWARD,
Augusta, Ga., April 9, 1928.

Hon. CHAS H. BRAND,
House of Representatives, Washington, D. C.

DEAR CHARLIE: I noticed in one of the local papers a list of issues which you had given out confronting the country, and in one of them you suggested that the freight rates on the necessaries of life should be reduced.

I do not think this issue as you describe it meets the situation at all. As a matter of fact, from my observation the overwhelming increases in freight rates since the passage of the Esch-Cummins bill have had more to do with the destruction of values in the agricultural sections of the country than any other single fact, even more than the large increase in the tariff by the Republican Party. But it is the result of my observations that the masses of the people do not comprehend that fact, and will not comprehend it unless some accurate detailed statement of facts is furnished to them.

I have been told by parties who claim to know that the total decrease in farm values throughout the country will amount in the aggregate to some forty or fifty billion dollars, and that the actual increased railroad values since the passage of the Esch-Cummins law will amount to approximately the same huge amount.

I note from information furnished me by local manufacturers and merchants here and other interests that the increase of freight rates in this section will run from two to five times as much as they did prior to the passage of the Esch-Cummins bill. For instance, a large merchant here, retired from active mercantile business about six years ago, tells me that the freight rates on merchandise from New York to Augusta are from three to five times what they were back in 1920. I asked how this could be, when the increase in rates was only about 50 or 60 per cent. He explained by saying that this had been accomplished by changing commodity rates in classification. He says that the rates six or seven years ago, before the percentage increase, embraced a large number of articles, most of which ran from 59 cents per hundred to 75 or 80 cents, and that the highest commodity rate at that time was about $1.90, but that there were only two or three commodities that paid the high rate, and now nearly all the commodity rates had been raised to the higher classes and paid from $1.50 to $1.90 per hundred, whereas there were very few commodities that paid less than $1 per hundred.

The brick manufacturers in and around Augusta had a change in their rates that absolutely curtailed and stopped their shipping beyond a 150-mile radius of Augusta because of the tremendous increase in the rate beyond that distance. Of course, that shut out the brick shipments by curtailing the territory, and while the railroads have howled about losing that business, they have done nothing, nor has the Interstate Commerce Commission done anything to change it, and the brick manufacturers have had to hunt for other outlets for their products in a nearer and narrower territory.

Last week an Augusta farmer came to see me about selling his hay, and told me he could not sell his hay in competition with the timothy hay shipped here from Indiana, Ohio, and the Northwest; and I asked why, and he said because they were shipping hay here at a very low freight rate, whereas up to this year the freight rate on hay from Indiana and Ohio had been $18 a ton, and those people were then shipping their hay here in carload lots and selling at $25 a ton, and by reason of the recent great reduction in freight rates they were now able to ship here from the northwestern territory and sell it at $18 a ton and drove his hay out of the market. I then asked him why he could not ship his hay from here up to the Northwest, and he stated that while they had reduced freight rates in a tremendous way from the Northwest here, that the rate from Augusta up into that territory would amount to the same old $18 per ton in carload lots.

The rate experts we have here confirm all of these things, and there are so many thousands of instances that there seems to be neither rhyme, reason, nor rule in freight rates.

In fact, my son-in-law, who is in the mercantile business here, tells me that freight can be shipped by boat from Portland, Oreg., or Seattle, Wash., through the canal to Charleston, and from Charleston to Savannah by rail, and from Savannah by rail to Swainsboro, 30 miles below Augusta, at considerably less, on canned goods, than the freight rate from Augusta to Swainsboro.

Last summer while my son-in-law was operating the boat on the Savannah River the American Sugar Refining Co. made an arrangement with the Merchants & Miners Transportation Co. to ship their sugar from Baltimore to Savannah by boat and from Savannah to Augusta by boat at 39 cents per hundred, in order to enable the American Sugar Refining Co. to compete with the Savannah Sugar Refinery. This arrangement had not been in operation more than 30 days before overnight, and without notice, the Atlantic Coast Line reduced its rate from 79 cents per hundred from Baltimore to Augusta to 38 cents, 1 cent less than the combined water rate. As stated above, you can get thousands of instances of this.

As you probably know, the through carload freight rate, including refrigeration on a carload of fruit, grapes, peaches, or any other commodity, from California to Augusta or New York, a distance of 3,000 miles, is less than on a carload of peaches with refrigeration from Augusta to New York, a distance of 800 miles. I was also told several days ago that there is some commodity shipped from the North to Athens and from Athens over the Central Railroad to Macon and from Macon to Millen and then to Augusta, and that the Central Railroad shipped it this way in order to get one-half of the entire freight charge on the shipment.

The Central Railroad president, Mr. Pelley, publishes about once a month in the Augusta Chronicle, and also in the Augusta Herald, about half a page advertisement, bragging on the flourishing conditions of the country and how the railroads are improving their service all the time, and how they are reducing freight rates all the time, none of which has a single atom or iota of truth in it, and yet, from my knowledge of the charges for publishing such letters in the local papers here, they must pay $400 or $500 for each insertion.

Senator HARRIS told me while in Washington the other day that all of those publications by the railroads were charged up to expense account, and they are adding onto the freight rates wherever they please to pay for it. And, of course, this shuts the mouths of the newspapers; they will not criticize or publish any information about the railroads or what they are doing to the people. I noticed the Chronicle this morning criticized your suggestion that freight rates ought to be reduced. Of course, the Chronicle does not propose to offend the railroads or do anything that will stop that $400 or $500 a month in big advertisements, and yet the people have to pay for these advertisements. I have not seen where any politicians, or leaders of any kind, who are supposed to keep the public informed, have discussed these matters at all.

Some five or six months ago Mr. W. J. Craig, the general freight and passenger agent of the Atlantic Coast Line, of Wilmington, N. C., was in my office several times, and I had a considerable discussion with him with reference to freight rates on fruits and vegetables from Georgia to the North. I asked him the question if the railroads were going to absolutely destroy the peach crop in Georgia, and his reply was that it would be destroyed unless the Georgia peach growers would cut down at least 12,000,000 of their trees. I then told him that I had recently been in Boston and also in New York during the peach season, and I saw very few peaches on the fruit stands, and in every instance they were asking 50 cents a dozen for the peaches—and they were very moderate-sized peaches—and I told him that unless the freight rates and refrigeration rates were reduced so the peach growers could make a living out of it, it would result in the destruction of the peach crop in Georgia, and the railroads would lose the freight business on the Georgia peach crops. It is true that the Georgia peach growers have never organized sufficiently to distribute their peaches, but they tell me that the railroad charges for shipping are so high that they can not extensively distribute them as the banana growers have succeeded in distributing theirs.

Mr. Craig explained to me how much the railroads had invested in refrigeration for loaded peach and vegetable cars in New York, but that means nothing to killing the Georgia peach crop. The same thing applies to the shipment of watermelons or cantaloupes, and though our people are doing their best to diversify and raise fruits and vegetables and supply them to the East, the railroads crush them out; and the only hope that I can see to save the South is for them to organize and build a large refrigeration plant at Savannah, ship their peaches there, and then put refrigeration in two or three ships and haul their peaches to New York, Boston, Philadelphia, and Baltimore and distribute them from those points. I imagine that the railroads will then fall over themselves giving the Georgia peach growers and truck growers a reasonable rate.

I am also informed that fruits and vegetables can be shipped by rail—and are shipped by rail—from Florida to New York and the East at considerably less than they can be shipped from Florida to Georgia. Of course, that is the result of water competition. So that I repeat again, distance in freight rates in carload lots has nothing to do with it; bulk as to freight rates has nothing to do with it; weight in freight rates has nothing to do with it. The long-and-short-haul proposition is a farce. The railroads are permitted to charge all they want to charge on any kind of shipment, for any distance, and my information from local people is to the effect that complaints to the Interstate Commerce Commission have no effect, and even where they are investigated it takes three or four years to get a ruling, and then the ruling is made in such a way as to put heavier burdens on the people. The result of all this is that they are not merely destroying the business but are starving to death every conceivable kind of enterprise here, whether of manufacture or agriculture, and are asking for change of rates and higher commodity rates, and, judging by the experiences of the past, the Interstate Commerce Commission will give it to them.

Of course, you are familiar with the surcharge on Pullman fares. Every time I pay a Pullman charge for Pullman service, I feel like I am tipping the railroad, because I pay my railroad fare at .036 a mile. I then pay my full Pullman charge for its service and have to tip the rail-

road company, or the millionaire owners of the railroad companies, half the amount of the Pullman fare for no service. But I suppose the big millionaires who own the railroads need this tipping just as the porters or the waiters on the dining cars need it, but I sometimes can not see how they can take the money.

The next point is the enormous increase in the value of the railroad stocks. Prior to the passage of the Esch-Cummins bill the Southern Railroad common stock stayed around $20 and $23 a share for years and years. In fact it had never represented anything much. Shortly after the passage of the Esch-Cummins bill the rich gamblers of New York bought up a majority of the Southern Railroad stock, beginning at around $20 a share. Since then they have raised the value until it is now $147, and it is now paying 7 per cent dividends.

During the same period the Atlantic Coast Line stock went from $90 a share up to practically $200 a share. The Seaboard Air Line ran from less than $1 a share up to at one time between $50 and $60 a share, and I think is now selling around $25 or $30 a share. The Louisville & Nashville, that had declared a large stock dividend, reducing its stock below $90, has gone up to approximately $150 a share. This is what has happened to all of the railroads in the country, and from thirty to forty or fifty billion dollars have been taken off the agricultural and associate interests of the country and given to the gamblers of Wall Street and to the rich millionaires of the East largely through the railroads.

Of course, these matters can not be presented, except through accurate figures. I have not the access to those figures. I should imagine the Interstate Commerce Commission could furnish the figures as to how much increased values have been added to the owners of railroad stocks, and I suppose the Agriculture Department could furnish information as to how much values have been taken off of the agricultural interests in the country, and I suppose if you take the large protected industrial plants, that have been made richer by the tariffs, they would indicate also where they had accumulated their immense fortunes. The same thing is, in a measure, true with reference to what the power trusts are doing in the country and are now doing in the South, and particularly in Georgia. I also have information that the communists and socialists of the East, North, and Northwest are growing in numbers and sympathizers, and that if something is not done to check this destruction of enterprises and property values of the great masses of the people other than the rich protected capitalist that that sentiment will spread and we will have an upheaval in this country that may largely wipe it out.

I think that the Democrats ought to have some kind of an investigation made by accurate statisticians about all these matters, so that it can be presented in concrete form to the country, and I think one of the leading planks in that platform ought to be on this railroad question and presented in a way that the people can understand it.

I think the West is sympathetic with the same view that I am taking, but whether they know literally what is going on I do not know.

It seems to me that the present Interstate Commerce Commission ought to be wiped out, and probably the Esch-Cummins law ought to be wiped out, and that the commission should be divided in power, and that there should be a branch of the commission located in the Southeast, another branch in the Northeast, another branch in the central part of the country, and other branches in the various divisions of the West beyond the Mississippi River; and that these commissions ought to be put in close touch with the people, and handle railroad and freight questions promptly, fully, and intelligently, and that the ruling spirit ought to be to relieve the people from the oppression of those gambling, speculating millionaires or malefactors of great wealth who are using the Government and the Government agencies to plunder the country and gradually destroy it. You can see from this letter that I feel very strongly on this subject. I am sending a copy of this letter to Senator HARRIS. I don't know whether the Democrats in Congress really appreciate all this, or whether they really have the definite information about this mixed-up matter of freight rates, or whether there is something that they are afraid of in touching the railroad question. Everybody down here, even the railroad employees, know about it; but when you mention it they say, "Well, what are you going to do about it?" Of course, Mr. Coolidge names the members of the Interstate Commerce Commission, and of course the Interstate Commerce Commission is serving its masters; but if the Democrats hope to do anything to correct this they must get up the statistics and facts and the numerous inconsistent rates, and they must put it accurately before the public in a manner in which the public can understand it. The propaganda that the railroads are putting out is nothing but bribery to quiet the newspapers.

It may be that you can get in touch with somebody up there who can get up this information and get it before the public in a manner in which they can understand it. If so, your constituents in Georgia will bless you.

Very truly yours,

E. H. CALLAWAY.

Mr. SANDLIN. Mr. Chairman, I yield 20 minutes to the gentleman from Georgia [Mr. LANKFORD].

Mr. LANKFORD. Mr. Chairman and gentlemen of the committee, I have prepared a speech upon the spoils system, but before taking up that subject I wish to compliment the gentleman from South Carolina [Mr. HARE] upon the splendid discourse that he has just delivered upon the subject of farm relief. My good friend from South Carolina has introduced and has now pending in this House one of the best farm relief bills that has been introduced at this session. To my mind, however, that bill fails to cover one point, and I turn aside from the speech which I have prepared on another subject to take a few minutes of the time allotted to me, not for the purpose of criticizing the gentleman's bill but for the purpose of suggesting that if he will just modify the bill a little and make it stronger along the line of controlling production he will have a most splendid bill. I have introduced a bill which does that. To my mind the bill which I introduced sets up the best plan for the control of production of any bill that has been presented to this Congress. I hope I am not egotistic in that respect. To my mind no farm relief bill can work effectively 100 per cent unless it has within it a proper control of production.

Just as surely as we elevate prices without some sort of control of production, just so surely will the farmers themselves plant more corn and more cotton and more wheat and produce more and bring about the greater production. In other words, any bill which fails to have within it a proper control of production has failure written on its pages.

Mr. W. T. FITZGERALD Mr. Chairman, will the gentleman yield?

Mr. LANKFORD. Yes.

Mr. W. T. FITZGERALD. Suppose we control our home production, and we will say that we have it within the limit that it should be, what are you going to do to keep Australia and South America and Argentina and these other countries from flooding this country with their export wheat and meat produced with cheap labor?

Mr. LANKFORD. I do not wish to get into a tariff speech at this time, and I agree with what the gentleman has in mind. I would be in favor of putting a tariff on those products and keeping them out in favor of the farmer, and I say to the gentleman that my position on the tariff is simply this, and I have stated it before. I object to the tariff because ordinarily you can not put enough tariff on farm products to help the farmer as much as you hurt them when you put the tariff on the manufactured article that he has to buy, but I shall vote for a tariff on any farm product [applause] which is about to be shipped into this country to interfere with the prices of farm products produced in this country. But let me get to the other proposition. I said just a few moments ago that I thought that the gentleman's bill did not go quite far enough in its effort to control production. Some one asked the gentleman this question, whether or not the production could be controlled under the Constitution. In other words, could we pass a bill and say to the farmer, "Thou shalt not plant so much corn or so much cotton."

Would it be constitutional? It probably would not be. Someone suggested that we might control the proposition by getting the States to pass a law to control production, provided the Government rendered to the farmers in those States the necessary assistance.

To my mind the proposition of control of production of farm products can best be accomplished as a matter of contract by simply saying to the American farmer through a statute passed by Congress, "Here we will render you people certain assistance; we will help you solve your problem in so far as we can; but there is one part of it that we can not solve, and that is the question of overproduction. We will do our part, provided you sign contracts with each other and with the governmental agency set up by Congress, to the end that you will in a certain manner and by a certain method control your own production."

Mr. W. T. FITZGERALD. How will you enforce that?

Mr. LANKFORD. I will enforce that by providing, in a bill creating a farmers' finance corporation, that this finance corporation shall make certain advances to the producers of the country on certain basic agricultural commodities and grant certain loan privileges, provided the producers planting 75 per cent of the acreage of wheat, for example, sign a contract with each other and with the governmental agency and with the bank with which they are to do business that they will allow their production to be controlled by an advisory council selected by them.

Mr. SIROVICH. Is it constitutional to limit production?

Mr. LANKFORD. Oh, I provide that they shall enter into a contract to control production before they get assistance.

Mr. SIROVICH. But how does the farmer know when he plants his crop whether he will get 5 bushels or 50 bushels an acre?

Mr. LANKFORD. If you cut down the acreage each year and have a plan to limit overproduction, you will come very near, next year, to controlling that production.

Mr. COLE of Iowa. Mr. Chairman, will the gentleman yield?

Mr. LANKFORD. Certainly.

Mr. COLE of Iowa. The gentleman may be interested to know that the late H. C. Wallace, Secretary of Agriculture, who had perhaps more to do with the formation of the McNary-Haugen bill than any other one man, always made the stipulation as one of the conditions that all these arrangements and devices for increased prices would be absolutely worthless unless there was coupled with them some control of production. He always made that condition or provision.

Mr. LANKFORD. The only efficient way of controlling production is to have the farmers themselves enter into a contract to limit production.

Mr. STRONG of Kansas. Mr. Chairman, will the gentleman yield?

Mr. LANKFORD. Yes.

Mr. STRONG of Kansas. Suppose you would have overproduction and then limited your acreage, and the next year you had a crop failure. The people of this country would not have enough to eat.

Mr. LANKFORD. Then they would pay the farmer better for what he did raise.

Mr. STRONG of Kansas. Would it not be better to enable the farmer to have a fair price?

Mr. LANKFORD. By my method the farmer could fix his own price. He could say to the world, "We have produced too much this year, but all of it is not for sale. We will sell cotton at 25 cents a pound. How much do you want at that price? We will not sell at less."

Mr. STRONG of Kansas. Unless he raises a fair crop he can not say that.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. LANKFORD. Yes.

Mr. MORGAN. As I understand the gentleman, he accepts all the policies proposed by Mr. McNARY as to the regulation of farm products and marketing, except that you would go to the extent of contract relations limiting production?

Mr. LANKFORD. Yes; by the farmers themselves.

Mr. MORGAN. Suppose a crop was raised and during the five-year period the domestic price rose above the import price. What would happen?

Mr. LANKFORD. That would lead me into a discussion of the tariff, and I do not have time for that discussion now.

Now, I want to say a few words in connection with the spoils proposition. The appointments to postmasterships in Georgia, as you know, are not controlled by Democratic Congressmen, but by the Republican State executive committee.

Mr. STRONG of Kansas. Do you propose to limit production? [Laughter.]

Mr. LANKFORD. I would be very glad to limit the production of recommendations and other activities of Republicans who do not deal fairly with my section of the country. [Laughter.]

Mr. Chairman, the very life of our Nation is imperiled by the vicious spoils system now in operation, rampant throughout our country. Its poisonous fangs are penetrating every branch of our Government and endangering the liberties of the whole people. Two good men—a registry clerk and an excellent postmaster—in my home city of Douglas, Ga., a few days ago went to their death as a result of the spoils system. On every hand every day one has but to stop, look, and listen to see the awful effects of centralized government run mad with spoils hydrophobia.

The usurpation of State rights by the Federal Congress and the abject abdication of those rights by Congress to bureaus, operated under a spoils system smelling "to high heaven," constitute the greatest crime of the age.

On last Friday I reintroduced a bill introduced by me over two years ago to stop the solicitation of so-called campaign funds from postmasters, rural carriers, postal employees, or other appointive officials. This bill provides as follows:

That no person shall solicit or receive in any manner any contribution of money or other thing of value from any postmaster, rural carrier, or postal employee, or any other Federal employee, for any political purpose whatsoever; neither shall any person solicit or receive in any manner any contribution of money or other thing of value from any candidate or applicant for postmastership, rural carrier, or postal employee, or other Federal employee for any political purpose whatsoever, or for or in connection in any way with any recommendation or help that may be rendered or promised such applicant or candidate.

SEC. 2. Any person who has made such contribution of money or other thing of value for political purpose to any person, organization, or political party shall not accept the position of postmaster, rural carrier, or postal employee, or other Federal employee whatsoever within six months after such donation or contribution.

SEC. 3. No person shall receive, directly or indirectly, for himself or for any other person, group of persons, or organization any money or other thing of value, for any recommendation of appointment of or help to any applicant or candidate for any postmastership, position of rural carrier, postal employee, or other Federal employee. Neither shall any person, having made such donation of money or other thing of value, accept and hold any postmastership, position of rural carrier, postal employee, or other Federal employee.

SEC. 4. Any person violating the provisions of this act shall be punished by a fine not in excess of $500, or imprisonment not exceeding three years, or both.

Mr. Chairman, the House Committee on the Judiciary two years ago refused to favorably report an identical bill of mine and reported favorably and helped to pass the Wurzbach bill, requiring postmasters and certain other appointive Federal officers to file an affidavit that they had not purchased their offices as a prerequisite to receiving their salaries. This law is easily circumvented by some friend of the applicant without the knowledge of the applicant being required to put up money as "campaign funds." The applicant is appointed, makes the required affidavit within the law, and is then beseiged from time to time for campaign funds. The postmaster or other official is informed that in order to be in good standing with the appointive powers he must make the required contributions. He knows he must put up or later lose out. If he does not put up "campaign funds," some one else does. He loses out; the other fellow goes in.

Along with the Wurzbach bill was passed the Stevenson bill, making unlawful the sale of postmastership appointments, and so forth, but, as just pointed out, this law is very little, if any, more effective than the Wurzbach measure. I was sorely disappointed when these bills were passed in lieu of my bill, and then urged that these bills would prove futile. My predictions were absolutely correct, as is now established.

Prior to the passage of the Stevenson and Wurzbach bills, there were of force two statutes touching remotely the spoils system as applied to postmasters, rural carriers, and other postal employees. Neither interfered to any considerable extent with the present baneful situation. One statute prevented the sale by a public official of an appointment of a postmaster, rural carrier, or other Federal position. Of course, some one other than an official handled the matter. Another statute prevented the solicitation of campaign funds within a post office or other Federal building, but did not protect the Government official after he left the building.

Thus it will be seen, no law has been enacted to stop the fleecing of postmasters and other postal employees. My bill, if enacted, will go very much further than has ever been gone before, but I very much fear that nothing will permanently stop the evil effects of the spoils system other than the destruction of the system itself.

Congress and the executive branch of the Government here in Washington is to blame for the whole system. What interest does a man living in north Georgia have in the appointment of a postmaster in my district in south Georgia other than dollars and cents when that man was never in the town where the postmaster is to be appointed, will never be in that town, knows none of the people there, never expects to know them, never expects them to vote for him, knows that his party can never carry that town, or county, or State in any election, and expects nothing of value, either directly or indirectly, from the people of that community other than "campaign contributions"? The spoils system is wrong and invites corruption.

I understand that the Postmaster General now threatens to fire any postmaster or rural carrier that happened not to be shrewd enough to stay within the law and, perchance, technically violated the law while putting up "campaign contributions." He proposes, though, to keep the system steeped in spoils in full force and allow the vacancies created by his firing process, again bartered and sold.

Mr. Postmaster General, your abominable system is rotten to the core. The real blame is here. It can not be dodged. Why purposely keep a system in force and blame any one who is forced to contribute "campaign funds" under that system? You know what your system invites. Why purposely help ensnare good people, help fleece them, then bring ridicule and contempt upon them by depriving them of the position which your system made them pay for, and then reset the same trap to catch and ensnare others?

Mr. Chairman, even before I came to Congress I was alarmed over the spoliation of State rights and the eventual utter

destruction of the liberties and rights of the individual. On May 21, 1919, the third day after I took oath of office as a new Member of Congress, in my first speech here in behalf of my people, I said:

The time will come, if the Federal Government continues to encroach on the rights of the States to settle their own affairs, when our States will need no legislatures, for all of our laws will be made here and administered in the Federal courts. Our State and county lines are being blotted out. The people of each county are slowly but surely losing their rights. The States are gradually becoming States in name only.

Mr. Chairman, after more than nine years of service I am more and more convinced that the counties of the States are losing their rights and the States are losing their rights, but, worse than all, Congress is passing all its rights and powers, both present and past, as well as prospective, on to individuals who are not the choice of the people and who ofttimes are not really responsible to any one.

We have only to "stop, look, and listen" in Congress and out among the people to see and hear the awful effects of the menace about which I am speaking.

There are so many invasions of the rights of the States and so many surrenders of the rights of the people to the bureaus that I will not attempt to list them at present. I do want to direct my attack, however, at lump-sum appropriations. I hope to speak of some of the other surrenders later.

More and more Congress is making lump-sum appropriations and leaving the distribution of the funds to the bureau or to underlings of the bureaus. Why? Is it because Congress can not determine how the appropriation should be dished out? Is it because Congress, or the Members of Congress, wish to shirk their duty? Is it because the appointees of the bureau chief are more efficient or more conscientious than Members of Congress? What is the real cause of this desire to pass the power to legislate in this respect to bureaus?

Are these privileges and rights passed on to the bureaus in order that they may become spoils? I shudder to ask the question. I do wish that I could think that this does not enter into the proposition.

It is a dangerous thing to put too much power in the hands of too few men. It is impossible for our President, or any or all of the cabinet members, to keep up with these details. It sounds like a joke to be delegating powers to the President to handle the details of dishing out money or patronage, or the details of making rules and regulations for the carrying into effect of any law passed by Congress when Congress admits that nearly 500 Members of the Congress can not do it properly. Why shove the responsibility on any one man of doing what 500 shirk and admit their inability to do properly?

It matters not whether Congress passes its powers on to the bureaus for the purpose of these powers being used as a part and parcel of a spoils system; the fact remains that Congress is inviting corruption. Not only is Congress inviting corruption, but the corruption is evident. We see only a small part of it. Occasionally the curtain is lifted, and we get only a glimpse of the rottenness of paying political debts with patronage or with other people's rights or money. We should get as far away from the spoils system as possible. Our President condemned the spoils system in his message, and I would not fear the spoils system very much if all these matters could be handled by the President, by the average Cabinet member, or by Congressmen, but this is impossible.

It is bad enough to steal the other man's property, but it is much worse when it is stolen not because it is needed but for the purpose of destruction. It is bad enough when we take from the States that which belongs to the States and the people of the several States. But the crime becomes much more abominable when we take for the purpose of destroying what we take or turn the loot so recently taken over to those whom we know will use the property taken for the destruction of the very people from whom it was taken.

If the Congress has reached the place in its existence where it is too timorous to exercise the rights given Congress by the Constitution, then Congress should not be seeking to deprive the States of any additional rights, but should be passing back to the States whatever rights Congress feels unable to exercise. In no event should Congress be taking from the States rights which it does not expect to exercise and which it expects to immediately pass on to bureaus and bureau chiefs. The flow of rights and privileges and powers should be from Congress back to the States and to the people of the several States rather than from the people and the States through Congress to bureaucrats.

This is the people's Government and not the Government's people. Let the people run the Government and this Government will endure—let the Government run the people and our Nation will perish.

The Government should never govern the people. It should only be the means by which and through which the people govern themselves.

Congress obtained its powers from the people, and if there be any powers which Congress feels too anemic to exercise, then those powers should be returned to the people from whom they were derived. If any Congressman gets tired of his commission, let him return it to the people who gave it to him, and not deliver it to some bureau chief who was not elected by anybody. If any Member here does not know what his district wants, then how does he expect some bureau chief or some underling under that chief who never saw his district to know what his people desire. I am willing to assume the responsibility of representing my people, and when I so far forget my duty as to want to pass that blessed privilege on to some stranger who happens to be a bureau chief, or an appointee of a chief or some political henchman of the party under whom the bureau chief was appointed, then I will resign my commission and hand it back to the people who so kindly gave it to me.

I am speaking very plainly about this matter, not for the purpose of hurting anyone's feeling but for the purpose, if possible, of preventing Congress from hurting the people of our Nation.

Mr. Chairman, on January 20, 1926, there was pending a bill authorizing the Postmaster General and the Secretary of the Treasury to determine in the future where and when post offices and other Federal buildings should be constructed. During the course of that debate (p. 2467 CONGRESSIONAL RECORD, January 20, 1926) I said:

Now, what about the proposed bill to appropriate a large sum of money to be delivered to the Treasury and Post Office Departments to be used by these departments in erecting buildings whenever and wherever these departments may determine? There was never a more vicious bill. What is the necessity for this kind of a bill? Is Congress incompetent to determine where buildings should be built? Is the Committee on Public Buildings and Grounds incapacitated to report out a bill specifying where buildings should be built and the amount to be expended for each building? Are the various Members of Congress unable to determine what should be done in each respective district? By what legerdemain can some mysterious person, reported to be acting for the Post Office Department or the Treasury Department, go to any Member's district and determine these questions? The Secretary of the Treasury will not do it. The Postmaster General will not do it. Neither of these gentlemen could do this if they did nothing else and tried to do all these things.

If Congress can not do this, who is there that can? Are these Federal buildings and grounds to be dished out to the faithful, as the post offices are dished out? Is there to be made a charge for the recommendation for a Federal building, the same as charges are now made in many places and practically all over the South for recommendations for rural carriers and for appointment as postmaster? If not, why not? Oh, what a fine chance this unelected individual will have to get fees for recommendations. If the system of making postmaster appointments is followed in selecting locations for these Federal buildings, then the Republican referees will make the recommendations for public buildings, and the referees, of course, will not have time to go to the different counties, and some one not even appointed by the department will make the collections and report which places should be recommended. Some may say I am overdrawing the things which will happen. This is what is happening with the appointments of the men to occupy buildings. Then why not the same rule apply as to the building? Then just think what 10 per cent of the amount to be spent on a building would run to.

During the course of my remarks the following colloquy occurred between the gentleman from Ohio [Mr. BEGG] and myself:

Mr. BEGG. Will the gentleman yield further?

Mr. LANKFORD. I will.

Mr. BEGG. I think the gentleman is making a serious charge.

Mr. LANKFORD. I am.

Mr. BEGG. And I want to ask the gentleman, Does the gentleman know that to be the fact?

Mr. LANKFORD. I do, or I certainly would not make the statement.

Mr. BEGG. Has the gentleman turned over the information he had to the Department of Justice, the prosecuting department of the Government? That is a Federal offense, and the gentleman has his recourse, if he knows that to be the fact.

Mr. LANKFORD. I understand it is not a Federal offense.

Mr. BEGG. Oh, yes; it is. If the gentleman has looked up the statutes passed by this Congress the gentleman knows it is a Federal offense, and I think the gentleman is making a very serious charge.

Mr. LANKFORD. I am making a serious charge.

Mr. BEGG. And if the gentleman would make that charge any place other than on the floor, the gentleman could be held to an accounting.

Mr. LANKFORD. No; I could not, for I am stating the truth.

Mr. Chairman, after the colloquy I continued as follows:

I have called the attention of the Post Office Department to this thing, and it has been called to the attention of the Department of Justice, but upon investigation it is found that there is no law to cover this kind of thing when it is done outside of a Federal building by some one who is not an official. They are careful to stay within the law.

Oh, gentlemen, why do we invite this sort of a spoils situation? Why can not we decide for our people just what we want them to have?

It may be insisted by some that the day of the pork-barrel system no longer exists. Well, if I am to choose between pork and spoils, I will say, "Give me a little more pork." I much prefer a barrel of decent pork rather than a train load of flyblown beef.

I much prefer a few Federal buildings to be located by Congress in each district rather than millions of the people's money to be used in a spoils system as pleaseth a few sent to rule over the people without the people's permission or vote.

The time is at hand when men who never saw my State, men whom my pepole did not vote for and had no chance to vote for, men not in sympathy with the traditions and American impulses of my people, yea, men who do not like my people, hold in the hollow of their hands the power to control almost every activity of my people. They can and are destroying the rights, liberties, and lives of my people. Talk about free, representative government! Every centralization of power is a blow at liberty and is the undermining of our form of government. Every enlargement of the power of men who hold office by appointment is a weakening of representative government. The spoils system inevitably leads to corruption and anarchy.

Centralize enough power here, carry the spoils system to its fullest extent, and give the Executive sufficient power to enforce his decrees and you have the worst Government since the beginning of the human race. If we are to save this wonderful Government which our forefathers gave us let us return to the old teachings of the fathers before we shall have lost all.

Is Congress to eventually take from the States and the people in the States every vestige of authority to control local affairs? Is Congress then to abdicate its right to legislate and give to department heads, bureau chiefs, and other appointive officials all the right to legislate, and then let these officials appointed under a spoils system dish out rules, regulations, and laws under a spoils system, thus controlling all rights of all the people under a system of spoils, rottenness, and corruption?

Mr. Chairman, discussing the same bill just referred to on February 15, 1926 (CONGRESSIONAL RECORD, February 15, 1926, pp. 4030–4031) I said:

Mr. Speaker and Members of the House, I had hoped that a bill would be passed at this session giving each congressional district some very muchly needed post-office buildings. I have not altogether lost that hope.

We may yet get a good bill.

"While the lamp holds out to burn the vilest sinner may return."

The supporters of this nefarious bill to pass the power to select sites and build buildings onto already overworked Cabinet officers and their immediate subordinates, to be in turn by them, as they of sheer necessity must do, passed on to some mysterious, unknown individual, say those of us who oppose this sort of thing favor pork-barrel legislation.

Well, if we have "pork," let it be decent pork on the table in the daytime, with all invited to participate and to be shared by the common folks and the smaller cities as well as by the larger cities. Appropriations for the big cities is termed "in behalf of efficiency and economy," while appropriations for the smaller cities is derisively termed "pork."

This is worse than the most vicious form of a "pork barrel" bill.

Its advocates expect to secure enough help to pass it under suspension of the rules without giving its devotees even a smell of decent pork. They expect you to line up and do their bidding for only a passing sickening whiff of the "flesh pots" of corruption.

They are not willing for you to "stop, look, and listen" in order that you may determine how great is the sacrifice you are making and how great is the penalty you are inflicting on others in order for you to get less, much less, than a "mess of pottage."

Without giving you a chance to protect those you represent and yourselves, the champions of this bill expect you to help them drive the legislative car in front of the mighty onrushing juggernaut of centralized, all-powerful bureaucratic government.

Oh, if Lincoln was alive he would pray more earnestly than ever "that this Government of the people, for the people, and by the people might not perish from the earth."

Oh, they expect to stampede the Members of Congress like so many "dumb driven cattle" into selling for a stench of corruption the birthright of a great and glorious people.

Pass the bill without the chance for reasonable debate and with no chance for amendment, is the battle cry.

They are not willing for us to have a chance to examine their proposed "mammon of unrighteousness." They do not want it known just how tainted and flyblown is the concoction which their witches stir.

Fillet of a fenny snake,
In the cauldron boil and bake;
Eye of newt and toe of frog,
Wool of bat and tongue of dog,
Adder's fork and blindworm's sting,
Lizard's leg and howlet's wing.

Cool it with a baboon's blood,
Then the charm is firm and good.

Mr. Chairman, on March 14, 1924, in speaking of the Teapot Dome scandal, I said:

An awful experience is ofttimes turned to a blessing in disguise when a lesson is learned which starts an improvement of the awful conditions which brought about the experience.

Again, on the same date, I said:

The multimillionaire Secretary of the Treasury, Mellon, said that he would like to be chairman of the select small committee to manipulate and shuffle the enormous foreign debt of billions of dollars so as to take care of the big banker, big rich, and men who have profiteered so as to be in the millionaire class. The Secretary gets what he wants, for now it is that "to the victor belongs the spoils." Of all funds ever raised the great common people are more interested in the money raised during the Great War than in any other. It came from people of every station of life. The widow, the orphan, and the poorest of the poor, all did their very best. A large part of the fund thus raised is now due us by foreign powers. That money is the common property of every American citizen. Yet it is being shuffled and manipulated as pleaseth a favored few who believe that "to the victor belongs the spoils."

In the same address I also remarked:

Mr. Chairman, this country is in a deplorable condition, with a party in power using the spoils system to the limit when the whole Nation is suffering the agonies of hell because of the lack of proper legislation and because those in power play politics while the Nation burns. Ah, Mr. Chairman, the party in power is worried more about the "good of the service" of the Republican Party than they are about "the good of the service" of the American people. They are worried infinitely more about efficiency of a man as a campaign or boodle contributor, or political manipulator, than they are worried about the efficiency of a man as a public servant. The Bureau of Printing and Engraving was turned upside down in violation of law and contrary to established rights of honorable men and women "for the good of the service" of the Republican Party. The civil-service system established by wise men of the past has been strangled and mangled and its very death threatened "for the good of the service" to the Republican Party. It has been proposed to make spoils of hundreds, yea, thousands, even millions, of positions in this Nation in order to dish out those rights to Republicans "for the good of the service" of the party.

To the victor belongs the spoils. My God, to what extent is the spoils system going? The Veterans' Bureau is a hotbed of the spoils system for the good of the service, not of ex-service men, but of the Republican Party. Is our entire Postal Service a seething cauldron of spoils to be stirred with the paddle of political hatred "for the good of the service" of the Republican Party and not for the people? It is understood generally that Attorney General Daugherty is the chief of spoilsmen. He wants no civil-service system. He wants no merit system; he wants everything controlled by the spoils system. He wants the Department of Justice to become the department of spoils and wants to become the chief keeper, preserver, and protector of the spoils of the victors for the good of the service of the Republican Party. It is easily understood why Daugherty does not want the merit system used in the selection of public officials.

He prefers the spoils system. He likes a system under which he and others like him can qualify. He has made the Department of Justice the department of spoils. It is no longer the Department of Justice; it is now the department of "just is." It is now operated for the glory of Daugherty, the ignominy of the Republican Party, and to the shame of the Nation. A statement was carried in the newspapers the other day that Daugherty wanted the prohibition-enforcement service put under the Daugherty spoils "just is" department. He would like to dish out the large amount of money allowed for prohibition enforcement. The enforcement service would soon be a pretty kettle of fish with Daugherty trying to play politics with the service. The whole enforcement service is about to break down now, because many men are being put in the service for political reasons only.

It is now said that President Harding was misled into dismissing the employees of the Bureau of Printing and Engraving. I do not

doubt this suggestion. That good man was misled every time he followed men like Daugherty. The Attorney General ought to be satisfied with spoils, but yet he wants more. He has spoiled and flyblown his position as a Cabinet member; he has spoiled and flyblown the Republican administration; and, if permitted, would make spoils of every right of the American people.

Ah, Mr. Chairman, why say so much about the Teapot Dome scandal; know ye not that "to the victors belong the spoils?" The Teapot Dome transaction is larger, but no more corrupt than the sale of public offices for cash or to pay political debts. It is no worse than a profiteers' tariff for the big Republican rich, to the undoing, destruction, and even death of millions of the great consuming public. I repeat, it is no more corrupt to be influenced by money to sacrifice the interests of the American people in these oil properties than it is either under the guise of law or without lawful authority to take the hard-earned money of the consuming public by a profiteers' tariff and give it to the big corporations either for cash or to pay political debts. There is no longer in this country a protective tariff. It is now the profiteers' tariff. The Republican Party is still the G. O. P.; it is now the Grand Old Profiteer.

If the Republican Party follows much longer the leadership of such spoilsmen as Daugherty and continues to sell her party virtue for money and for political purpose, she will soon be without a single virtue. The Teapot Dome controversy can not be any more corrupt than the dishing out of offices solely and only for political reasons.

Mr. Chairman, during my address of March 14, 1924, just referred to, in speaking of the so-called flexible provisions of the tariff law, I remarked:

A general tax bill was so drawn and passed by the last Republican Congress as to relieve the big rich of much of the burdens of taxation. The big rich either have contributed much campaign funds to the Republican Party or can do so when it will be much needed in future campaigns. The big rich are protected on the theory that "to the victors belong the spoils." A tariff bill was enacted by the last Republican Congress to protect the profiteers and the concerns with big sacks of money who either did contribute heavily to past campaign funds of the Republican Party or are in position to contribute in the future when funds will be sorely needed to be used in convincing the consuming public that it was taxed for its own good. So it goes that "to the victors belong the spoils." It is even provided in this tariff bill that the President have the power to increase or diminish duties as he sees proper. If men and women are deprived of offices because they do not subscribe to the Republican faith and do not contribute to Republican campaign funds, then why should not people who are not Republicans and do not help put up a slush fund be deprived of the protection of a desired duty on goods in competition with goods they sell? If the President by Executive order and otherwise dishes out offices to Republicans because they are Republicans and leaves off others simply because they are not Republicans, then why not dish the protective-tariff soup to the Republicans who show their efficiency by a nice campaign contribution? "To the victors belong the spoils" is being worked overtime.

Oh, it is said that men are being put out of office and Republicans are being put in "for the good of the service," it being known to all that he who serves the Republican Party is one who is "for the good of the service," and efficiency from a Republican standpoint is fully attained by the profiteer who puts up money for campaign purposes. The good of the service of the Republican Party must be maintained, regardless of the cost to the public. "To the victors belong the spoils."

Mr. Chairman, when I criticized Attorney General Daugherty four years ago and said the Veterans' Bureau was a hotbed of the spoils system, I was criticized as being too harsh and unjustly condemning public officials. My remarks now read like a prophecy, for Director Forbes has since been sent to the penitentiary and Daugherty was finally forced out of the President's Cabinet.

Mr. Chairman, I have always hated the vicious spoils system. I regard it as the most dangerous influence in our national life to-day. It is so insidious, so deceptive, and yet it poisons everything it touches.

Congress is taking from the States and from the people in the respective States all the rights and liberties of those people, and then, oh! awful truth, Congress is abjectly passing all the rights of the people on to bureaus and Federal appointees, to be by them in turn checked out to a favored few under a system of corruption and spoils.

Mr. Chairman, now I want to quote from the RECORD, of April 19, 1924, pages 6733 and 6734, as follows:

Mr. BUCHANAN. Mr. Chairman, I yield seven minutes to the gentleman from Georgia [Mr. LANKFORD].

Mr. LANKFORD. Mr. Chairman, it was stated by a leading Republican in a speech a few days ago that investigations in Washington were being conducted by "insolent groups." The gentleman should have said the investigations were being made by "indignant groups." In fact, the entire country is filled with righteous indignation, not at the investigations but at the disclosures.

Those being investigated and upon whom most shocking disclosures are being made are most anxious to stop all investigations and to discredit those being had. Some evidence goes in which is not true. This will not injure the innocent. Much evidence is being adduced which points definitely at the guilty. This does hurt the guilty and is helping to some extent to clear the official atmosphere. There is much propaganda in favor of stopping all investigations and turning all attention to legislation. I realize that there is much legislation which is very necessary. There are vital appropriations which should be made. There are many good measures which this Congress will ignore, regardless of what else is done.

Just here let me say that the country is not very favorable to legislation which only gives more money and more power to spoilsmen, many of whom are still in harness. We need legislation, but we also surely need purification of government. It is infinitely better for us to not pass a single additional bill and not make a single new appropriation and clean out by investigation, exposure, and removal all corruption rather than feed that corruption by more power and more of the people's money. Corruption is gradually getting a death hold on the very vitals of our form of government. We must free ourselves while we have power left or the time will come when our vitality will be too low and the corrupt influences will be too powerful and will have too strong a hold on our throat. Even in matters of legislation here the people's money is offered for the purpose of getting votes for individuals or for parties.

The so-called German relief bill is simply a bid for pro-German votes. Why vote cash for German women and children and tax to the limit the clothing, the pins, the buttons, and everything which the poor women and children of America must buy in order to live, to raise the money we are giving away.

Mr. Chairman, why rob our poor widows and orphans of men who died fighting Germany in order to give to the very people who killed our boys and who would have destroyed us except for the bravery of the men now so soon forgotten?

Why vote our boys insurance and German people cash? Why vote German people cash on which to live and vote our brave boys and their people a form of funeral expense? Oh! the shame of it. In the few additional minutes allowed me at this time I wish to read to the House a most excellent editorial which appeared in the Valdosta Times of my district in the issue of the 15th of April of the present year:

CONGRESSMEN DEFICIENT

There is need of carrying the congressional investigations much further, even to the examination of the mental caliber of men who will vote against a bonus for the veterans of the World War and for a bonus for German children, and especially at a time when Germans are sending their own money out of the country and the rich are squandering their wealth in Italy and southern Europe, and also when the German Government is planning to refuse the admission of American flour to Germany because of the abundance of flour and other foodstuffs in Germany.

There is something lacking in Congressmen who will thus neglect their own and force their philanthropy upon others, especially when such acts cost them nothing, and which may, on the other hand, set them right with the agriculturists, who expect to sell their products to the Government at fancy prices. The Congressmen expect by this stroke of statesmanship (?) to get in right with their constituencies and insure for themselves a return to Washington. Enough is enough, and the people generally know when they have had enough of such business as is at the present time directing the eyes of the world to Washington in wonderment at what the next American governmental development will be.

We have been pointing across the water to the European governments and pointing out their shortcomings, with pride in the belief that the officials of the Government of the United States were less corrupt. In the light of the present-day political activities we have been laboring under an hallucination that humbles that pride and fills the soul with shame, for we can see in the dim distance the finger of scorn pointed toward America and the great institution we have prided ourselves in believing was the model of excellence in government; not perfect, to be sure, but much nearer perfection than any other government in the world.

The fact is that the American people have been too busy with their personal affairs to pay much attention to what kind of a government we really had. The principles we know to be sound, the laws are models of excellence, and yet the very lawmakers themselves are the worst violators.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. LANKFORD. Can the gentleman yield me two more minutes?

Mr. BUCHANAN. I yield the gentleman two more minutes.

Mr. LANKFORD. Mr. Chairman, on at least two former occasions during the present Congress I have made remarks on this floor along the line of this most excellent editorial and along the line of my present observations. I hope the investigations now taking place

may be the beginning of a "house cleaning" which will make our Government clean in every respect.

We must stop the spoilsman and eradicate all corruption, or we will lose all. Mr. Chairman, I firmly believe that the combined armies and navies of the rest of the world can not defeat us from the outside if our Nation is pure, perfect, and strong on the inside. If our Government and our Nation, though, rots at the center, it will collapse of its own weakness at the slightest pressure.

Let us investigate our weakness as a nation, and let us trim out every cancerous growth. Let us not have a government of the people by the spoilsmen and corruptionists for the favored and unpatriotic few who put money and political preferment ahead of country and people. Let us have a government "of the people, for the people, and by the people," not only in name but in truth for with such government unspotted and unblemished we will never know defeat, and the Government which our fathers gave us will not perish from the earth. [Applause.]

Mr. Chairman, the spoilsmen of the past killed men, women, and children in order to rob, plunder, and carry away the spoils. If they were caught, they were shot or hanged. To-day the spoilsmen without any excuse rob men, women, and children of their reputation, which they built up during a lifetime and which is their all. They kill innocent men, women, and children and drive them to suicide by depriving them of their rights and giving the spoils to the so-called victors, and yet the spoilsmen of to-day sit in high places and boast of their authority in this grand and glorious Government of ours. Many of the common people of our Nation are filling premature graves because of legislation which makes the rich richer and the poor poorer and gives to bureaus and individuals the right to dish out favors and patronage.

It seems that many people are so wedded to the spoils system as to not even be willing to learn in the school of experience. The Teapot Dome scandal ought to cause an awakening of the public and a condemnation of everything that smells like "spoils."

Is every official of the public soon to be appointed under the spoils system, and are those spoilsmen to control every activity of this once free people? Are freemen to be cast down and spoilsmen to be enthroned? Is liberty a thing of the past, and political corruption the present dominating force?

Is this Nation, which can never know defeat by the armies and navies of the world from the outside, to rot unto death of political corruption and of the awful poison of the spoilsmen on the inside? This Nation can not long endure unless it purges itself of every vestige of the corrupt spoils system. The American people to-day enjoy probably not over one-tenth of the liberty for which our forefathers fought. To what extent will Congress go? Will we turn back before it is too late?

We are working the destruction of our Nation when we concentrate too much power here to be exercised by people not elected by the people, but by people holding office, the very commission to which is tainted with the odor of spoils. We ought to mind our own business and let the people manage their affairs. We should fight for more freedom and greater human rights, not for less. We should legislate for people to control their own legitimate activities and not for spoilsmen to dominate their every move. There is no one thing that Congress or the President can do which will so vitally serve the people and so fully guarantee the future safety of this Nation as to end for all time the present deplorable and baneful spoils system. Will we act for the right? Will we save our Nation by reestablishing not only in name but in fact every principle for which our forefathers fought, and which are embodied in our Declaration of Independence and in our Constitution, and which are placed by the Almighty in the heart of every free man?

May an all-wise God grant unto us here in Congress the foresight to see the certain destruction toward which we are drifting and the power to turn aside and save all before the final hour of doom shall have come. [Applause.]

Mr. SANDLIN. Mr. Chairman, I yield 24 minutes to the gentleman from Porto Rico.

The CHAIRMAN. The gentleman from Porto Rico is recognized for 24 minutes.

Mr. DAVILA. Mr. Chairman, it is not my wont to make frequent use of the privilege of the floor of the House. I do so only when my position as representative of the people of Porto Rico imposes upon me the duty of availing myself of this forum as a means of addressing the Congress and the people of the United States. Speeches for home consumption are very far from my mind. My main interest consists in being heard rather by the American people than by the people of Porto Rico.

On this particular occasion I rise to discharge an obligation which is certainly far from agreeable. I do not invite troubles, but when they are placed in my path I face them unhesitatingly in the performance of my duties.

The President of the United States has addressed a letter to Governor Towner which has produced a very unfavorable reaction on the people of Porto Rico. It is in order to expose my views anent this letter that I have requested the privilege of addressing the House to-day.

The Legislature of Porto Rico, through the president of the senate, Hon. Antonio R. Barceló, and the speaker of the house, Hon. José Tous Soto, have already replied to the President in a letter addressed to me. It is a very important document, which contains an elaborate review of our conditions and aspirations and will no doubt be very valuable to the members of the committees of both Houses in charge of our problems. I believe I am not asking much in suggesting to you a careful perusal of their reply. It is unnecessary for me to say that I indorse every word of it.

I wish to make clear, first of all, that since President Coolidge's advent to power I have endeavored to work in harmony with his administration, placing no obstacles in his way. I have followed this policy in spite of the fact that my recommendations have not been accepted by the administration. I remember that shortly after Mr. Coolidge entered the White House I recommended to the Bureau of Insular Affairs and to the Secretary of War a Porto Rican candidate for the post of commissioner of immigration.

The President appointed a continental American. In spite of this rebuff I accepted the appointment and advised its approval by the Senate. When the office of attorney general became vacant I submitted to the President the names of two distinguished Porto Ricans to fill the post. The President appointed a continental American from the State of Texas, and I accepted his appointment without opposition. When the term of the commissioner of education expired I recommended to the administration the names of two Porto Rican educators, trained in universities of the United States. The President reappointed the present commissioner of education, who is also a Porto Rican. Very recently I recommended a candidate to fill a vacant post in the supreme court. The President chose another candidate, and I not only accepted his appointment but gave it my decided approval when consulted on the matter by the Senate committee. In all my dealings as the representative from Porto Rico I have tried to give to the President of the United States my whole-hearted support. I hold the Chief Magistrate in the highest esteem. Personally he has always been very kind and courteous toward me. I am making these observations so that nothing which I should say in my remarks might be construed as springing from a feeling of hostility toward the national administration.

Porto Rico and the United States must necessarily live a life of harmony and friendship. It profits us Porto Ricans nothing to express our views in forms offensive to the American people. It profits the American people nothing to offend gratuitously the feelings of the people of Porto Rico. For this reason it is regrettable that controversies should arise which might bring forth as their consequence the use of words more or less vexing to both peoples.

President Coolidge's letter is, to my mind, humiliating to the people of Porto Rico. According to this letter we have done nothing but receive favors from the American people, and are highly ungrateful when we express our complaints and come to Washington in quest of greater liberties for the island. The United States owes Porto Rico nothing. It is we who are poor, we who are humble, we who are harborless, we who receive the benefits and the blessings of the American administration in Porto Rico. There is not so much as a word in the President's letter to suggest the proposition that, in holding Porto Rico, the United States derives benefits of a political and economic character. Any impartial observer, after having read the President's letter, might well ask himself why the United States insists in holding onto Porto Rico, in spite of the onerous obligations which such a policy is contended to impose on this Nation. We might say, in view of this official pronouncement, that we of Porto Rico are being the victims of the excessive love professed us by the national administration in trying to maintain all the power it has there and in denying the inhabitants of the island that participation in the government of their own affairs, which is their due. We would prefer less love for Porto Rico and more love for the liberty and happiness of its inhabitants. It is folly to attempt to make the inhabitants of our island happy in the American way. We want to be happy treading the path of our destiny in our own way. I know of no country in the world which has secured the happiness of another by handling its internal affairs.

We are not pretending to deny the benefits which Porto Rico has received during the American administration. But an attempt has been made to deal with our conditions from a point of view of American charity and not of Porto Rican rights. It

is our duty to express our views and to declare emphatically that we are not asking for charity, but for rights.

The President begins by examining the conditions and tendencies of the people of Porto Rico at the time of the American occupation. An article written in 1892 by Doctor Coll y Toste has been unburied from the files of the War Department. This article describes the progress of Porto Rico for the previous 100 years. A relation of the conditions of our peasants at that time is contained in one of the paragraphs of this article. Nothing is quoted by President Coolidge from those portions of the article which praise the progress of Porto Rico. That this paragraph is the only one which criticizes existing conditions in 1892, is shown by the following words of Doctor Coll y Toste taken from the same paragraph but which were not quoted by the President:

> But, ah, if it be true that we have progressed much, comparing the final pictures of these two last centuries, and if it be true that our population has increased so much that from a census of 138,758 people it has mounted, according to the last enumeration, to 802,439 inhabitants, yet, unfortunately, at the heart of such a state of enlightenment a black stain is projected like a blot of ink on a picturesque drawing.

In this article Doctor Coll y Toste paints in vivid colors the condition of our peasants, making their weaknesses stand out and exaggerating throughout with the purpose of emphasizing the necessity of applying a remedy to the existing conditions. It was also his purpose to criticize the Spanish Government for inexcusable negligence in the performance of its duties. But what purpose is accomplished by the publication of his article in 1928? The unnecessary exhibition of these unfortunate conditions of the past, even if not intended to humiliate the people of Porto Rico, it really has that effect. Let me say in passing that the prize given to Doctor Coll y Toste by the Economic Society of Friends of the country was not particularly for his description of the peasant, as pointed out in the President's letter, but for the whole article, describing the progress of Porto Rico in the previous century. The author possibly was rewarded not for his description of the peasants but in spite of it. Although Doctor Coll y Toste analyzes in his study the conditions of our peasants only, the President states in his letter that this describes the great body of the population of Porto Rico.

The conditions obtaining in Porto Rico at the time of the American occupation were not very favorable. We acknowledge and admit that there was ignorance and poverty then, just as there is ignorance and poverty to-day in some sections of the country; but it can not be denied that there existed a powerful nucleus of our population which lived a comfortable life and developed its activities with relative ease and relative well being. There existed the basis of a civilization just as wise and just as vigorous as the Anglo-Saxon civilization. There was a nucleus of men trained in European universities, versed in different fields of endeavor, whose learning rivaled in depth and breadth that of educated men in Europe and the United States. Our representatives at the Spanish Cortes offer an irrefutable example of Porto Rican culture. Our men were the first to plead for the abolition of slavery. The great orator Emilio Castelar, in a speech to the Spanish Congress, praised the work of our men in the most glowing terms. At the Spanish Cortes the Porto Rican representatives enjoyed the same privileges as the Spanish representatives, and exercised the right to vote in national affairs. The same society of "Friends of the Country" which rewarded Doctor Coll y Toste's work was made up of Porto Ricans.

The culture of Porto Rico when the American forces reached our shores was exactly the same as the culture of Cuba: the conditions of the peasants were identical in the two islands and the sanitary and economic conditions were very similar. Cubans had no more experience than the Porto Ricans in the exercise of free government. They were practically governed by the same laws and the same autonomous government was granted by Spain in 1897 to both countries. In this connection it is very interesting to compare President Coolidge's statements when speaking of the two countries.

The President says in his letter that the "pitiable economic condition" which existed in the island "was one of long standing" and that "the tendency was to get worse rather than to improve." "One would look in vain," avers Mr. Coolidge, "for a single ray of hope if Porto Rico were to continue its normal course as we found it." Again he points out that "only 30 years ago one was, indeed, an optimist to see anything promising in Porto Rico," while "to-day one is, indeed, a pessimist who can see any reasonable human ambition beyond the horizon of its people."

When speaking of Cuba at his address before the Pan American Conference at Habana, Cuba, January 16, 1928, the President states:

> The very place where we are meeting is a complete demonstration of the progress we are making. Thirty years ago Cuba ranked as a foreign possession, torn by revolution and devastated by hostile forces. Such government as existed rested on military force. To-day Cuba is her sovereign. Her people are independent, free, prosperous, peaceable, and enjoying the advantage of self-government. The last important area has taken her place among the Republics of the New World. Our fair hostess has raised herself to a high and honorable position among the nations of the earth. The intellectual qualities of the Cuban people have won for them a permanent place in science, art, and literature; and their production of staple commodities has made them an important factor in the economic structure of the world. They have reached a position in the stability of their Government in the genuine expression of their public opinion at the ballot box, and in the recognized soundness of their public credit that has commanded universal respect and admiration. What Cuba has done others have done and are doing.

While the President of the United States is most enthusiastic in praising the intellectual qualities and the prosperity of the Cuban people in dealing with Porto Rico he says that we were poor, ignorant, distressed, and diseased, and that 30 years ago one was, indeed, an optimist to see anything promising in Porto Rico.

Cuba, however, since obtaining its liberty has been able to develop itself and organize a government worthy of Mr. Coolidge's highest praise. For us there were no promises of redemption. Porto Rico, it is made to appear to the people of the United States, would certainly have disappeared from the map had it not been for the timely aid of the United States. All that the President can say of us is that the United States has given "Porto Rico greater liberty than it has ever enjoyed and powers of government for the exercise of which its people are barely prepared," and that the Americans "have attempted, with some success, to inculcate in the inhabitants the basic ideas of a free, democratic government." It is somewhat difficult to reconcile Mr. Coolidge's views on Cuba, which is a foreign government, and on Porto Rico, which has remained under the American flag. The comparison does not seem favorable to the American administration of Porto Rico. Cuba, under her own sovereignty, has been able to establish a free government, and her citizens, according to the President, are capable of ruling their own destiny. Porto Rico, after 30 years of American rule, has not been able to develop these qualities or to demonstrate aptitude in the control of its own affairs. If the statements of the President are true, if his words in regard to Cuba are inspired by sincerity and not by diplomatic expediency, we could not offer a more convincing example of the advantages of self-government in developing the faculties of a people. If the words of the President with respect to our inexperience and unpreparedness for greater liberties are true, we could not offer a clearer example of the failure of the American people in developing the faculties of a people beneath its flag.

Returning to Mr. Coolidge's conclusions, based on Doctor Coll y Toste's article, it is proper to state that this ill-treated, pale, distressed, and ignorant peasant was strong enough in spirit and in heart to come down from the mountains of Porto Rico during the World War, covering long distances on foot, in order to offer his services to the American people. Many were rejected, being physically unfit, but many were admitted and trained under the leadership of General Townshend, the commander of our troops in Porto Rico.

Commander Townshend, now Assistant Chief of the Bureau of Insular Affairs, is the best authority on the matter of the conduct of these peasants in the training camp. Approximately 17,000 men were trained under his able leadership, and the bulk of them belonged to the group described by Doctor Coll y Toste, which has served as the basis for the conclusions of the President. In an article published in the January, 1922, issue of the periodical Current History, H. P. Krippene says of these men:

> Most of the recruits came in from the country, and the majority of them were extremely illiterate, undernourished, and poorly clothed. Eighty per cent of them, perhaps, had never worn shoes, and had eaten only rice and plantains since childhood. Three weeks after these men had been organized into companies they were taken on a short march, carrying no equipment, and they came back a straggling, disordered, exhausted mass. Three months later, under a hot tropical sun, they were taken on a 20-mile hike with full packs, and not one of them dropped by the wayside. Expert medical and dental care, the daily Army ration, and scientific physical exercise daily had changed weak men to workers, failures to fighters. The work did not stop here. The healthful camp life, constant medical inspections, good food, the daily bath, athletics, and amusements, all contributed not only to a vigorous physical reaction, but to a quickening of the mental

processes which also became noticeable. Peons who had entered camp with dazed, uncomprehending eyes, ignorant even of their own language, began to appear on the field with polished boots and well-pressed uniforms, carrying their heads erect, saluting with alacrity, and snapping to orders in a foreign tongue. They seemed to awaken to the fact that they, too, were men, and the American uniform gave them the courage of their convictions. Eventually they began to express a desire to learn to read and write, and classes were formed and taught by noncommissioned officers.

Later on the same article points that—

The enlisted man, however, was representative of the lower class living out in the hills; people who, up to the time of war, had scarcely felt the influence of American schools and their ideals. It may appear singular that the bulk of the Army was made up of this type, but it can be explained, perhaps, by the fact that Porto Rico was passing through a period of exceptional business activity and the educated and skilled workers were able to avoid the draft to a great extent because they were extremely necessary in their various occupations, whereas the peon had little or no responsibility.

These peasants of which we are speaking must have felt very deep in their hearts the humiliating remarks in Mr. Coolidge's letter.

We can not say that the conditions of these peasants has been improved during the American occupation. The man living in the mountains is to-day in as deplorable a state as he was 30 years ago. Porto Rico has undergone extraordinary progress, but it has not extended to the Porto Rican peasant to any noticeable degree. Doctor Coll y Toste's article describing the condition of our peasants, written in 1892, is no more severe than the report made by the Rev. Dr. George Luther Cady in 1928. Doctor Cady, corresponding secretary of the American Congressional Missionary Association, visited Porto Rico accompanied by nine leaders in the home missionary work of the organization. On his return to New York he made a report describing conditions which are more distressing than those described by Doctor Coll y Toste.

It would be unjust to judge the people of Porto Rico as a whole as ignorant, sickly, poor, and vicious merely from the fact that there exist conditions of poverty, which we all regret, in a part of our population. These conditions are not peculiar to Porto Rico. There are sections in lower New York, such as the Bowery, and in Hoboken, Newark, Albany, and Chicago where living conditions are as bad among the laborers, if not worse, than in Porto Rico. Certainly we are not going to judge the great city of New York, or the great State of New York, or the entire United States by conditions that obtain only in portions of the population of these communities.

I believe that both Doctor Coll y Toste and Doctor Cady exaggerate in their descriptions, but we can not deny that our peasant, undermined by the hookworm and enjoying very limited wages, is lacking in vitality and in the foods necessary for good nutrition. It is true that under the rule of Spain the wage of the peasant was very low, but it is also true that the cost of living was likewise very low. To-day cost of living has increased to an extraordinary degree, and higher wages are needed to face even the primary needs of existence. Doctor Cady tells us in his report that the average laborer earns from 55 cents to a dollar a day. This is the salary under the American flag in spite of the high cost of living. It is not very difficult to conclude from this that, no matter how serious the condition of the peasant may have been 30 years ago, present-day conditions can hardly be any better.

One of the most important problems that we have to face in connection with labor conditions is the excess of population. It is estimated that the population to-day is 1,450,000, or 422 persons per square mile. Due to the lack of industries unemployment is a particularly grave problem. The great excess of labor available over that required is the primary cause for the existing low wages.

To close our apology for the Porto Rican peasant we must say that this man, who is painted in such dramatic and tragic colors, possesses natural intelligence, harbors fine feelings, and has a frank and affable temperament. A hint of the possibilities of these men as first-class citizens of the future is afforded by a study of their progress as American soldiers during the World War. To quote again from the article by H. P. Krippene, referred to above:

The country people, as a rule, constitute the lower class. They are simple, trusting, naturally courteous, charming to strangers, and usually honest, though not industrious. The upper class is composed of refined, cultured, and progressive men and women. Many of them have been educated in American colleges and universities, have traveled extensively, and are cosmopolitan in ideas and customs.

Reviewing the finances of Porto Rico, the President says:

The treasury of Porto Rico receives the customs duties collected in Porto Rico, less the cost of collection. It receives the internal-revenue taxes which are laid by its own legislature and collected in Porto Rico, it receives the income taxes which are laid by its own legislature. It receives the internal-revenue taxes collected in the United States on Porto Rican products consumed in the United States.

The above statement is entirely correct, but the conclusions drawn from it are not entirely accurate. The President says that out of a budget of $11,191,893.11 the amount of $9,514,466.93 would not accrue to the local treasury were Porto Rico an incorporated territory. Mr. Chairman, this conclusion of the President is in my opinion most amazing. It does not speak very favorably of the system of government of the United States. According to the President's conclusions, it is possible under the Federal system of government to absorb almost 90 per cent of the revenues of a State or Territory, leaving only a 10 per cent to meet the expenses of the local government. I do not believe that any State or Territory would tolerate such an oppressive system of government. It is almost confiscatory. That is not the case in Alaska, that is not the situation in Hawaii or in any State of the Union. It seems to me that it is not difficult to prove the inaccuracy of the conclusions of the President.

Let us quote the paragraph of the President's letter dealing with the figures laid down by him:

In the fiscal year 1927 the total operating revenue of Porto Rico was $11,191,893.11. Of this total the following, in our States and Territories, would not accrue to the local treasury:

Customs	$1,806,567.91
Income taxes	1,565,745.98
United States internal revenue	440,650.71
	3,812,964.60
Excise taxes (which would in great part not accrue to local treasury)	5,701,502.33
Total	9,514,466.93

Were Mr. Coolidge's conclusions correct, we should have less than $2,000,000 on hand to defray the expenses of our Government under the territorial system. I admit that the customs duties and the internal revenue collected in the United States on Porto Rican products would accrue to the National Treasury were Porto Rico incorporated into the Union, but I take exception to the conclusions of the President regarding the other items.

The Federal income tax law extends to the Territories of the United States and would extend to Porto Rico if we were a part of the Union. But in this case we should have the right to enact our own income tax, as is done in the States and Territories. The State and Territorial income tax has nothing to do with the Federal income tax. We have in Porto Rico our insular income tax, which will not accrue to the Federal Government even if the Federal income tax is extended to Porto Rico. Under the Federal income tax now in force the Federal Government will not derive from Porto Rico the $1,565,745.98, which is the income received at the insular treasury under the Porto Rican law. Therefore we have to deduct this amount from the figures quoted by the President.

The President claims that the excise taxes would in great part not accrue to the local treasury. I would like to know what part of these taxes would not accrue to the local treasury. These are insular excise taxes which will always accrue to our Treasury, even if we were incorporated into the Union. What the President means, in my opinion, is that we will have to pay Federal taxes, but not that insular excise taxes would accrue to the Federal Government. So we have to deduct from the figures quoted by the President, the excise taxes, which amount to $5,701,502.33. If my conclusions are correct, only $2,247,218.62, out of our present revenues would accrue to the National Treasury. Of course, the Federal Government would have the right to collect the income tax under the Federal law, and any other source of revenue allowed by the Federal law as well, but that does not mean that the National Treasury would absorb the local revenues raised under the laws of Porto Rico.

It is true that the National Government, taking into consideration the economic conditions in Porto Rico, has not imposed on the taxpayer the burden of taxation under the Federal laws, as it has done in the Territories. But this does not justify the conclusion that the local revenues of Porto Rico would accrue to the Federal Government were we treated as an incorporated territory. It only means that the taxpayer under the Territorial system would have to pay more taxes than he is paying now, and that the Government of the United States has not deemed it wise to impose an additional burden

on a country where economic conditions do not justify such a course.

In this connection, it is proper to state that while Hawaii and Alaska pay taxes to the Federal Government, they receive in compensation the benefit of the laws extended by Congress to those Territories. Regarding Porto Rico, every time that we ask for the extension to Porto Rico of a Federal law which carries with it the expenditure of a certain amount of money, the answer is that we do not pay a cent to the Federal Government.

I remember that in 1924 we asked for the extension of several laws to Porto Rico. Secretary of War Weeks appeared before the Committee on Territories and Insular Possessions and made these remarks:

> I think the committee should keep distinct the legislation for Hawaii and for Porto Rico; they are under altogether different conditions. The Hawaiians pay nearly $6,000,000 into the National Treasury; the Porto Ricans pay nothing.

Senator Willis stated:

> In that respect it is quite different from any appropriation that may be made for Hawaii, because Hawaii is paying taxes.

Secretary Weeks replied:

> Quite different. The Hawaiians are presumably getting back their own money or some part of it, just as the States are.

On account of the remarks of the Secretary of War, no report was made by the committee in favor of the extension to Porto Rico of laws which have been extended to Hawaii and Alaska. Thus, if it is true that we do not pay taxes to the Federal Government, it is also a fact that many laws in force in the incorporated Territories are not extended to Porto Rico for the sole reason that we do not pay Federal taxes. Hawaii and Alaska receive the benefits of these laws as a compensation for the taxes they pay. The advantages, therefore, that Porto Rico derives over Hawaii and Alaska by not paying Federal taxes are not so great as we are deprived on this account of the benefit of many important Federal laws.

The President mentions in his letter the services which directly and financially benefit the people of Porto Rico, such as the Lighthouse Service, the Agricultural Experiment Station, the maintenance of the Porto Rico Regiment of the Army, the activities of the Veterans' Bureau and Federal participation in harbor improvements. It is of interest to note the care taken in the President's letter to emphasize trivialities and to waste no detail in his earnest determination to make known the benefits derived by Porto Rico from the United States. He mentions the Lighthouse Service.

Is it not natural to expect that since the Federal Government controls this service it would also pay the expenses of the same? He also mentions the activities of the Veterans' Bureau. If our boys were good enough to serve the Nation during the World War, is it anything but fair for the Federal Government to extend to the Porto Rican soldiers the same protection and care extended to the continental Americans? He also mentions the Federal participation in harbor improvement. Is it charity for the Federal Government to pay its share in this work when the people of the United States are almost exclusively receiving the benefit of our commerce? We admit that the maintenance of the Porto Rico Regiment is a great help to Porto Rico, but let us be reasonable and likewise admit that our boys are rendering a loyal and faithful service to the people of the United States.

The President says that "the United States tariff extends to Porto Rico," and adds that "no part, certainly no agricultural part, of our territory is so favored by its tariff." Our four principal industries are sugar, tobacco, coffee, and fruits. Of these four, the only one in a truly flourishing state is the sugar industry. It is true that this industry has developed extensively largely as a result of tariff protection and of the high prices during and immediately following the World War. But not all the benefits of this development are reaped in Porto Rico. The tariff has fostered the growth of large corporations in our island which control enormous quantites of land and are gradually concentrating ownership in a few hands. The small farmer is disappearing in Porto Rico, and this is largely due to the control of our land by powerful interests. Many of the stockholders of these corporations live in the United States, and obviously the benefits derived in their case are not enjoyed by Porto Rico but by the United States. It has been said that two-thirds of the benefits accruing from the sugar industry are received by absentee owners.

The heads of these corporations have no interest whatever in the development and progress of the people of Porto Rico. Their goal is to amass wealth, and they apply themselves to this end with whole-hearted interest. They are constantly disputing our tax laws and complaining of the share in the expenses of our Government which we assign to them. The wages of labor, in spite of the tariff, are very low, while cost of living, because of the tariff, is very high. In Porto Rico rice, for instance, is a staple food. Our peasants consume it daily. While the rich are deriving extraordinary benefits from the tariff on sugar, the poor are suffering the grievous effects of the tariff on rice. Cost of living in Porto Rico is as high as in the United States. Nearly all necessities are imported from this country. Clothes, shoes, drugs, food, machinery, farm implements, and so forth, all this comes from the United States, and while it is true that the sugar industry receives great benefit from tariff protection it is just as true and just as evident that these benefits enrich a few and that the poor consumer has to bear the heavy burden of tariff rates on other commodities which are necessary to life itself. True, land values have increased and the price of sugar has been the principal factor in this increase of value. True, too, the treasury revenues increase with an increase in the value of property. But the disadvantages of centralization of landownership and of absentee ownership are of such a nature as to be well worth careful study and attention.

In spite of tariff protection the tobacco industry is languishing. The fruit industry at present is barely able to show anything above its costs of production, while coffee has never been in a flourishing state since the Americans arrived at the island. It is true that Porto Rican coffee is given a 20 per cent reduction of the Cuban tariff as an American product. But it is also true that we lost our market in Spain on account of the American occupation, that coffee was in those days our principal industry, and that in spite of the crisis that this industry has suffered protection has never been given to our coffee. The 20 per cent reduction of the Cuban tariff means nothing compared to the benefit we received in the past.

In matters of the tariff, Porto Rico must accept and be governed by the laws of the United States. We have not the right to make our own tariff rates. If we did, perhaps we might find some way to lower the cost of living and to find a market for our products in the world. We can not consider as final the conclusions arrived at in the President's letter. These matters which deal with a country's finances must be studied very carefully before a definite conclusion is reached.

The President's assertion that the United States has given Porto Rico greater liberties than it has ever enjoyed is undoubtedly based on the fact that the autonomous government granted by Spain in 1897 had scarcely commenced when the Spanish-American War brought it to an end. In this connection I desire to quote the following excerpt from an article written by Mr. Regis H. Post, former Governor of Porto Rico, and published in the World's Work Magazine of January, 1922:

> They had obtained a representation in the Spanish Cortes, and with this participation in the home government, and with consummate political strategy, they succeeded in November, 1897, in obtaining for the island an autonomous form of government, the goal of their desires. On July 17, 1898, the legislature elected by the people met for the first time in its history, amid the rejoicing of all elements in the island. On July 25, the day of Santiago, patron saint of Spain, the clerk read to the assembly telegrams and letters of felicitation from insular and municipal officials and prominent citizens of the island; but in the midst of the chorus of joy came a telegram which read: "The American fleet is off the port of Guanica, preparing to bombard." The legislature adjourned, never to meet again under the Spanish flag, and the work of 400 years was blown away in the breeze that raised our flag over the island.

It is a historical fact that when the Americans arrived in Porto Rico an autonomous government had already been granted to the island by the Crown of Spain. Under this law the insular parliament was composed of two chambers empowered to legislate on public education, public works and services, public health, mail, telegraph, police, public credit, banks, monetary system, agriculture, qualification of voters and electoral procedure, administrative organization, judicial, municipal and territorial division, insular budget, with the obligations of including in it the expenses inherent to the sovereignty fixed by the Spanish Parliament, commercial treaties, tariffs, land and water transportation, taxes, and duties, and in general on those questions affecting Porto Rico principally and which were not specifically and specially reserved to the Spanish Parliament by law.

The governor was appointed by the King, and the members of the cabinet appointed by the governor, these officials to be chosen from among the members of the political party having the majority in parliament. Porto Rico was represented in the Spanish Parliament, as in the past, by deputies and senators elected in the island, with the same rights and privileges as those enjoyed by the Spanish representatives. These are the principal features

of the powers granted to the Porto Ricans 31 years ago by the old mother country.

The President says, in connection with the powers enjoyed by the people of Porto Rico, the following:

> The Porto Rican government at present exercises a greater degree of sovereignty over its own internal affairs than does the government of any State or Territory of the United States.
>
> The principal difference between the government of Porto Rico and that of the organized and incorporated Territories of the United States is the greater power of the legislature and the fiscal provisions governing Porto Rico, which are far more liberal than those of any of our States or Territories.

In the States of the Union sovereignty emanates from the people. The constitutions of the States and the Constitution of the United States are based on this principle. National sovereignty has its origin and strength in the powers delegated by the sovereign States of the Nation. The united power of the States constitutes the national sovereignty. The powers not delegated constitute the State sovereignty. Thus, the power of the States is only limited by the restrictions imposed by themselves in the exercise of their sovereignty. The States made the Constitution and are empowered to change it. Quoting the language of Sir George C. Lewis—

> It may be said generally that a sovereign government can do all that can be done by the united power of the community which it governs; or, more strictly, that it can do all that can be done by so much of the power of the community as it can practically command.

Because the customs duties in Porto Rico accrue to the local treasury and not to the National Treasury, because the income tax laws and other fiscal laws of the United States are not extended to Porto Rico, the President arrives at the surprising conclusion that the Porto Rican Government exercises a greater degree of sovereignty over its own internal affairs than does the government of any State or Territory. It is not a difficult task to prove beyond a reasonable doubt that the President's conclusions are not justified by the facts. The participation given to the people of Porto Rico under the present organic law in the management of the finances of the island is very restricted. This law contains limitations that are not found in the laws of any State or Territory.

In the first place, under the organic law of Porto Rico, the power of veto is vested in the governor and the President of the United States. They both have the absolute power of vetoing any law passed by the Porto Rican Legislature. The decision of the President is always final. In Hawaii and Alaska the governor has the usual veto power; but the legislature has also the power to override a veto by a two-thirds vote of all the members of each house. Under these circumstances it can not properly be stated that our Government exercises a greater degree of sovereignty over its own affairs than Hawaii and Alaska or any State of the Union.

According to section 34 of our organic act, when a bill that has been passed is presented to the governor for his signature, if he approves the same, he shall sign it; or if not, he shall return it, with his objections, to the house in which it originated, which house shall enter his objections at large on its journal and proceed to reconsider it. If after such reconsideration, two-thirds of all the members of each house shall agree to pass the same, it shall be sent to the governor, who, in case he shall then not approve, shall transmit the same to the President of the United States. If the President of the United States approves the same, he shall sign it and it shall become a law. If he shall not approve same, he shall return it to the governor, so stating, and it shall not become a law.

It is evident that under these provisions the Executive has an extraordinary power. As has been stated, the veto power is exercised by the governor or the President, as the case may be. Without their approval, no bill of the legislature shall become a law, no appropriation may be passed. It may be said by the administration that very seldom an appeal is taken. It may be said by the Porto Ricans that an appeal to the President is equivalent to an affirmance of the governor's decision, as it is but natural to expect that the President will not revoke his own appointee. But that is not the point. The fact is that the Legislature of Porto Rico, elected by the people, has no power to pass a law over the veto of the executive branch of the government, in the selection of which our people have no voice.

Under section 34 of our organic law the governor has entire control in the preparation of the budget and can eliminate any item approved by the legislature, his decision being final. The organic law practically gives the governor the power to make the budget of Porto Rico. The legislature is in this case nothing more than a debating society. Once the budget is returned to the governor by the legislative assembly he may approve some items and disapprove others, and we have no recourse under the law against his decision. No governor of any territory under the flag has such powers. A government which grants such arbitrary faculties to a single person can scarcely be considered free and democratic.

Under the organic law the auditor of Porto Rico, also appointed by the President of the United States, is vested with extraordinary powers. He examines, adjusts, decides, audits, and settles all accounts and claims pertaining to the revenues and receipts from whatever source of the government of Porto Rico and of the municipal funds derived from bond issues. It is his duty to bring to the attention of the proper administrative officers expenditures of funds or property which in his opinion are extravagant, excessive, unnecessary, or irregular. He has supervision of all the departments of the government, and his decisions are final unless an appeal is taken to the governor. The decision of the governor in such a case shall be final, subject to such right of action as may be otherwise provided by law. No Federal law has yet been passed providing a right of action against the decision of the governor. In the States of the Union, as in the Federal Government, the decisions of the Comptroller General are binding only upon the executive branches of the Government. The organic law of Porto Rico simply says that the decision of the auditor is final in the absence of an appeal, and that the decision of the governor is final when an appeal is taken to him.

In the States the executive is elected by the people; in Porto Rico, appointed by the President of the United States. The people of Porto Rico have not any voice in the election of the President. The power to appoint our executive is therefore not derived from the sovereign power of the people of Porto Rico. A republican form of government has been defined by American authorities as one which derives all its powers directly or indirectly from the people, and which is administered by persons holding their offices for a limited period or during good behavior. The people of Porto Rico have no voice directly or indirectly in the election of the President of the United States or in the appointment of the Governor of Porto Rico. This power, which is one of the most sacred under American institutions, is not enjoyed by the people of the island. Notwithstanding the absence of this right, which is fundamental under a democratic government, the President asserts that we enjoy a greater degree of sovereignty than a State.

Had the people of Porto Rico possessed the power of electing their governor, the selection of a man speaking a language not understood by our people should have never taken place. It is hardly possible to define as democratic a system of government which allows the appointment of an executive who does not even understand the language of the people he is going to rule. It is interesting to contemplate what the State of Massachusetts would do in case of the appointment by another power of a governor speaking only the Spanish language and ignorant of the customs of the country. It is interesting to imagine what would be the reaction of the people in approaching the governor through an interpreter, as it is done in Porto Rico. The majority of our people can only communicate with the executive through the agency of a third person. Under the circumstances the governor is unable to grasp the real psychology of the people and to obtain direct information from them. The executive, by his inability to communicate directly with the people he is sent to govern, surrounds himself with a group of individuals on whom he depends for information regarding insular affairs. This group of individuals who are always ready to use this high privilege for their own personal benefit are responsible for the disagreeable misunderstandings that often take place between the governor and the people.

Under our organic law the President appoints the attorney general and the commissioner of education, two members of the governor's cabinet. In the States these officials are either appointed or elected by the people. The attorney general, appointed by the President, is in charge of the administration of justice. The commissioner of education supervises public education throughout the island. He prepares all courses of study subject to the approval of the governor. Under this provision the Legislature of Porto Rico has no authority to change, alter, or modify the courses of study prepared by the commissioner of education and approved by the governor. They are both presidential appointees, in whose selection the people of Porto Rico have no voice.

The President appoints the justices of the Supreme Court of Porto Rico. The President has no power to appoint the justices of any State supreme court.

The organic law prohibits the Porto Rican Legislature from interfering with the organization of the Executive Council. It can neither create nor consolidate nor abolish any of the departments of the government. In the States of the Union, all

of these powers are within the sovereignty of the State and can not be interfered with by the Federal Government.

The borrowing capacity of the insular government and of the municipalities is limited by the organic law. No change can be made by the local government of Porto Rico. Yet the President claims that we exercise a greater degree of sovereignty than the States.

The States are authorized to change, modify, alter, or amend their own constitutions. This is a fundamental power of the State sovereignties. Porto Rico has no power to adopt its own constitution. We had no participation in its enactment. We have no power to change or modify it. It was approved by the representation of the different States in Congress without a vote being cast by the people of Porto Rico. It so happens that the people of Porto Rico, who, according to President Coolidge, exercise a greater degree of sovereignty than the States, had to depend on the elected Representatives in Congress from these States for the enactment of the fundamental law of their country, and still depend on them for any change or modification contemplated on said law. The States of the Union have an equal representation in the Senate; Porto Rico has none. Representations in the House is apportioned among the several States; Porto Rico has no Representatives, but a Resident Commissioner entitled to a seat by the courtesy of the House and not by law. The Delegates of Alaska and Hawaii are entitled to a seat by law. The Resident Commissioner of Porto Rico lacks the power to vote in the Congress of the United States. While the representatives of the several States exercise the power of enacting legislation for Porto Rico, its accredited representative is not allowed to vote on legislation affecting his own country.

The injustice involved in the denial of this right acquires extraordinary importance when laws are passed (or bills are voted on) which are related to liberty or life, especially to life. One of the greatest grievances alleged by the American colonies to justify the revolution which culminated in independence was the imposition of taxes without the representation of the taxpayers. It was the contention of the colonists that the king had no just power to demand his people's money except by consent of the men whom they should elect to represent them in Parliament. "Taxation without representation is tyranny" was the slogan of the American patriots. The English legislation which provoked the protest of the American people dealt exclusively with property and had nothing to do with life.

The American Congress can dispose, and has disposed, of Porto Rican lives without our vote or representation. We are not complaining of Congress' action at the time. We are merely stressing a principle. During the World War Porto Rico did not have a representative in Congress with the authority to vote on the draft law. Congress passed the law disposing of the lives of the people of Porto Rico without our vote. The phrase, "taxation without representation," dwindles into insignificance when compared to the phrase, "compulsory service without representation." The first deals with the rights of property, the second with the sacred rights of life. Porto Rico was only too glad to offer its services to the Nation during the crisis of the World War. As a matter of fact, the draft was unnecessary in Porto Rico. The Porto Rican army could have been raised by volunteers. But the fact that we were ready to fight for the Nation does not change the principle. The American Congress disposed of our lives without giving us an opportunity to cast a vote in such a tremendous and important matter. And yet the President of the United States says that the government of Porto Rico exercises a greater degree of sovereignty than the government of any State.

The Congress of the United States has power to repeal our laws and to legislate for Porto Rico without any limitation whatever. This power vested in Congress is a cause of constant alarm to the people of Porto Rico. When Congress is in session bills are frequently introduced restricting the rights already enjoyed by the Porto Rican people. These bills, of course, are introduced without our knowledge. On the other hand, bills increasing our liberties are very seldom introduced, and when there is a Representative who sponsors legislation in favor of Porto Rico it is necessary to undertake a very active work in order to obtain a decision in our behalf. But there are always powerful interests in behalf of the bills restricting our liberties. During the present session of Congress a bill was introduced in the Senate restricting the limited powers of the Porto Rican Legislature. Another bill was introduced in the Senate and House for the relief of certain Porto Rican taxpayers, who happen to be corporations whose stockholders reside in continental United States. Another bill was introduced to prohibit experiments upon living dogs in our country. Another bill was introduced for woman suffrage, and so forth. Why should the Congress of the United States attempt to legislate for Porto Rico on purely local matters? Why should Senators and Representatives introduce bills restricting the limited liberties we enjoy? Why, for instance, should Congress attempt to tell Porto Ricans what we should do with our dogs? We in Porto Rico are so uneasy when Congress is in session that the adjournment of Congress is, for Porto Rico, a great relief.

The States of the Union are ruled by the Constitution. All powers not delegated to the Federal Government are kept by the States, and Congress has no power to legislate on local matters. They control their internal affairs and are not in any way menaced, as we are, by legislation restricting our rights. And if a bill is introduced which may encroach on the powers of the States, the Representatives of those States are in Congress to defend State rights and prevent any usurpation of power. The State rights are also protected by the courts of justice, which have the power to declare unconstitutional any law that may invade the rights of the States. As under the Constitution Congress can legislate for the Territories without limitation, we have no power to protect ourselves against any legislation applied to our country.

It has been clearly shown that Porto Rico has not yet a complete representative government. Of the three branches of the government, the legislative alone is elected by the people; while the executive and the judicial, including the attorney general and the justices of the supreme court, are appointed by the President. It is, therefore, clear that the government of the island is not an expression of the popular will. Only the legislative assembly represents the views of the people. The heads of the two other coordinate departments being presidential appointees, are not strictly accountable to the people. And yet it is said that we enjoy a greater degree of sovereignty than any State.

The treaty of Paris, says the President, contains no promise to the people of Porto Rico.

> No phase of that treaty contemplated the extension to Porto Rico of a more liberal régime than existed. The United States has made no promise to the people of Porto Rico that has not been more than fulfilled; nor has any representative or spokesman for the United States made such a promise.

It is true that the treaty of peace contains no promise. Our people were transferred from one sovereignty to another, as a piece of property, without consultation and with utter disregard for their wishes. The voice of 1,000,000 people means nothing in human justice compared with the sacred rights of conquest. It is true that 30 years ago the American representatives at the peace negotiations leading to the treaty of Paris, in replying to the representatives of the Spanish Kingdom, said:

> The Congress of a country which never has enacted laws to oppress or abridge the rights of residents within its domain, and whose laws permit the largest liberty consistent with the preservation of order and the protection of property, may safely be trusted not to depart from its well-settled practice in dealing with the inhabitants of this island.

But this, of course, can not be considered a promise! We have come, said General Miles in his proclamation after landing in Porto Rico, to bring protection to you and to your property, exalting and imposing on you the guaranties and blessings of the liberal institutions of our Government. But, obviously, this can not be taken as a promise either!

We have, notwithstanding, the implied promise of your principles, your sense of justice, and your institutions. That is what General Miles meant when he spoke of the guaranties and blessings of the liberal institutions of this country. The President says that no phase of the treaty of Paris contemplated the extension to Porto Rico of a more liberal régime than existed. At the time of the American occupation, a very liberal régime of government had already been granted by the Crown of Spain. There are many able lawyers and statesmen who opine that the organic law in force in Porto Rico and approved by Congress in 1917, 19 years after the American occupation, can not be favorably compared with the autonomy granted us by the Crown of Spain in 1897. When the President says that no phase of the treaty of Paris contemplated the extension to Porto Rico of a more liberal régime than existed, it clearly conveys the implication that the purpose was not to implant in Porto Rico a régime of government with less power than the one already granted by Spain. But the Congress of the United States "which never has enacted laws to oppress or abridge the rights of residents within its domain" imposed upon the Porto Rican people the organic law of 1900, which curtailed the liberal powers granted by Spain, denied American citizenship to the Porto Ricans, left them without a fatherland

and without citizenship, a personality ignored by the law of nations.

The President ends his letter stating that—

there is no disposition in America, and certainly not on my part, to discourage any reasonable aspiration of the people of Porto Rico.

The President further says that—

the island has so improved and its people has so progressed in the last generation as to justify high hopes for the future, but it certainly is not unreasonable to ask that those who speak for Porto Rico limit their petitions to those things which may be granted without a denial of such hope.

What does the President mean by "reasonable aspiration"? Is it unreasonable for the people of Porto Rico to insist on a clear definition of their political status? Thirty years have elapsed since the Americans took possession of the island, and to this day Congress has not seen fit to clearly determine what the status of Porto Rico is or what this status will be in the future. We are wholly ignorant of what our fate is to be, and when those who speak for Porto Rico petition the President and Congress of the United States for a definition of their status in accordance with the aspirations of the people of Porto Rico, they are told to limit their petitions to those things which may be granted without a denial of their hopes.

The highest authority that may be cited with reference to the status of Porto Rico is the Supreme Court of the United States. I confess my perplexity after reading the conclusions reached by the Supreme Court when referring to our status. Let us briefly state what the Supreme Court says about our status in construing the organic law of Porto Rico of 1900, and the present organic law enacted in 1917.

The military occupation of the island ceased when, in the year 1900, Congress approved a law to provide revenues and a civil government for Porto Rico. At this time Congress did not grant American citizenship to the Porto Ricans and created a body politic under the name of the people of Porto Rico, to be composed of Porto Rican citizens and American citizens residing therein. The approval of this law brought about many important questions with regard to our political status. These questions were passed upon by the courts of justice. A new theory was announced by the Supreme Court of the United States, classifying the Territories into incorporated and unincorporated; incorporated Territories are those which had become part of the United States proper and not merely a part of its domain, and which are entitled to the benefit of the Constitution, and which are held to be as much a part of the United States as are the States of the Union; and unincorporated Territories are those which have not been made part of the United States and to which Federal legislation does not uniformly extend. Porto Rico has been classified as an unincorporated Territory.

In the case of Downes *v.* Bidwell (182 U. S. 287) the Supreme Court of the United States says:

We are therefore of the opinion that the island of Porto Rico is a Territory appurtenant and belonging to the United States, but not a part of the United States within the revenue clauses of the Constitution.

Mr. Justice White, with whom concurred Mr. Justice Shiras and Mr. Justice McKenna uniting in the judgment of affirmance, says:

* * * And in addition to the provisions of the act by which the duty here in question was imposed, taken as a whole, seem to me plainly to manifest the intention of Congress that for the present, at least, Porto Rico is not to be incorporated into the United States.

The result of what has been said is that whilst in an international sense Porto Rico was not a foreign country, since it was subject to the sovereignty of and was owned by the United States, it was foreign to the United States in a domestic sense, because the island had not been incorporated into the United States but merely appurtenant thereto as a possession.

It is hard for me to understand how Porto Rico can be foreign to the United States in a domestic sense and not foreign in an international sense. This opinion by the United States Supreme Court is an excellent example of the peculiarity of our position.

In Kopel *v.* Bingham (211 U. S. 468) it was held that Porto Rico is a completely organized Territory, but not a Territory incorporated into the United States. This doctrine was reaffirmed in the cases of American Railroad Co. of Porto Rico *v.* Didricksen (227 U. S. 145) and Porto Rico *v.* Rosali (227 U. S. 207, 274).

These are the most important decisions of the United States Supreme Court construing the act of April 12, 1900, "temporarily to provide revenues and a civil government for Porto Rico," known as the Foraker Act.

The Boston court of appeals in a decision rendered several years ago says:

Porto Rico is at least a possession, and through its organized government and under the organic act of April 12, 1900, has many of the essentials of these political entities known as Territories; but, notwithstanding that, the substantial fact remains that it is an insular piece of ground, with a considerable population, many miles at sea, and widely separated from the States and Territories of the Government which is charged with the responsibility of seeing that there is a civil government in the island. Therefore, without much regard to the refinement of the question as to which it is, it is the fact that it is an insular possession or an insular Territory, whichever it is, far removed from physical relations with other Territories and possessions, and with no physical relation to any of the States. * * *

The Foraker Act was substituted by the act of Congress approved on March 2, 1917, "to provide a civil government for Porto Rico, and for other purposes." By this act American citizenship was granted to the citizens of Porto Rico. On the approval of this law the question of the political status of Porto Rico came again under discussion. The Federal Court of Porto Rico, in an elaborate decision, held that Porto Rico was incorporated into the United States by the new law. The Supreme Court of Porto Rico arrived at the same conclusion in a similar case. Both cases were brought to the consideration of the Supreme Court of the United States, and on January 17 and 21, of 1918, the Supreme Court reversed the judgment of the Federal and Supreme Courts of Porto Rico upon the authority of the cases decided in construction of the Foraker Act. According to the Supreme Court of the United States our status remained unchanged, in spite of the grant of American citizenship to the Porto Ricans.

In Balzac against Porto Rico, decided by the United States Supreme Court in October, 1921, Chief Justice Taft, who rendered the decision of the court, says:

The insular cases reveal much diversity of opinion in this court as to the constitutional status of the territory acquired by the treaty of Paris (December 10, 1898, 30 Stat. L. 1754), ending the Spanish war; but the Dorr case shows that the opinion of Mr. Justice White of the majority in Downes *v.* Bidwell has become the settled law of the court.

* * * * * * *

The section of the Jones Act which counsel press on us is paragraph 5. This in effect declares that all persons who, under the Foraker Act, were made citizens of Porto Rico and certain other residents shall become citizens of the United States unless they prefer not to become such, in which case they are to declare such preference within six months and thereafter they lose certain political rights under the new government. In the same section the United States district court is given power separately to naturalize individuals of some other classes of residents. * * * Unaffected by the considerations already suggested, perhaps the declaration of paragraph 5 would furnish ground for an inference such as counsel for plaintiff in error contend; but, under the circumstances, we find it entirely consistent with nonincorporation. When Porto Ricans passed from under the Government of Spain they lost the protection of that Government as subjects of the the King of Spain, a title by which they had been known for centuries. They had a right to expect, in passing under the dominion of the United States, a status entitling them to the protection of their new sovereign. In theory and in law they had it as citizens of Porto Rico, but it was an anomalous status, or seemed to be so, in view of the fact that those who owed and rendered allegiance to the other great world powers were given the same designation and status as those living in their respective home countries, so far as protection against foreign injustice went. It became a yearning of the Porto Ricans to be American citizens, therefore, and this act gave them the boon. What additional rights did it give them? It enabled them to move into the continental United States and become residents of any State there, to enjoy every right of any other citizen of the United States—civil, social, and political.

* * * * * * *

It is true that in the absence of other and countervailing evidence a law of Congress or a provision in a treaty acquiring territory declaring an intention to confer political and civil rights on the inhabitants of the new lands as American citizens may be properly interpreted to mean an incorporation of it into the Union, as in the case of Louisiana and Alaska. This was one of the chief grounds upon which this court placed its conclusions that Alaska had been incorporated in the Union in Rasmussen *v.* United States (197 U. S. 516; 49 L. ed. 862; 25 Sup. Ct. Rept. 514). But Alaska was a very different case from that of Porto Rico. It was an enormous Territory, very sparsely settled and offering opportunity for immigration and settlement by American citizens. It was on the American Continent and within easy reach of the then United States. It involved none of the difficulties which incorporation of Porto Rico presents.

The opinion of Chief Justice Taft shows that we remain to-day in the same position as we were in the past. The status of Porto Rico is still undecided. As it was said in an editorial of the Washington Post of June 23, 1924, "what the ultimate status of Porto Rico will be is a matter still lying in the capacious lap of the gods." There is no feature of the relationship between the United States and Porto Rico that is so disturbing to the Porto Rican people as this continuing uncertainty as to what our status is not only now, but what it is to be in the future. There never will be perfect tranquillity in our hearts until this all-important question is settled once and for all.

This uncertainty brings as a result a divided public opinion; some of the people advocating independence, others statehood, and others full self-government. We are not to be blamed for the different views that are striking our minds. It is not our fault. If there is any fault at all it belongs exclusively to the doubtful position we are left in through the failure of the American Congress to define our status. According to the Supreme Court we are an organized Territory, but not incorporated into the United States. The high tribunal has established a distinction between organization and incorporation. Our status, therefore, is extremely peculiar. Are we foreigners? No; because we are American citizens, and no citizen of the United States can be a foreigner within the boundaries of the Nation. Are we a part of the Union? No; because we are an unincorporated Territory under the rulings of the Supreme Court. Can you find a proper definition for this organized and yet unincorporated Territory, for this piece of ground belonging to but not forming part of the United States? Under the rulings of the courts of justice we are neither flesh, fish, nor fowl. We are neither a part nor a whole. We are nothing; and it seems to me that if we are not allowed to be a part of the Union we should be allowed to be a whole entity with full and complete control of our internal affairs. And we see no reason why the President or the Congress of the United States should feel offended or embarrassed when we make a plea for a definite status and complete control of our internal affairs.

According to the Supreme Court of the United States we are merely a possession. We are designated by this odious name in the official records of the Nation. The President in his address before the Pan American conference at Habana said that 30 years ago Cuba ranked as a foreign possession and that to-day she is her own sovereign. Reference is made to the past by the President to contrast the humiliating and inferior position of Cuba as a foreign possession under the Spanish Crown with her present status. "Thirty years ago Cuba ranked as a foreign possession," says the President. How does Porto Rico rank to-day? The Supreme Court of the United States seems to have answered this question: We are a possession foreign to the United States in a domestic sense.

This word "possession" is most repugnant to the people of Porto Rico, as it conveys the idea that we are mere chattels subject to the pleasure of the owner. We are human beings and not property to be possessed by anybody or any nation in the world. The fathers of this country never dreamed of an empire with possessions foreign to the United States in a domestic sense, belonging to but not forming part of the Union. For the sake of democracy and justice, for the good name and prestige of this great Republic, and for the happiness and welfare of our people, the United States should not postpone any further the granting of a decent status to the people of Porto Rico. You have to face this problem with courage, intelligence, and statesmanship. You can not escape the responsibilities assumed by this country when the American flag was raised in Porto Rico. You can not be democratic at home and autocratic abroad. You can not have a democracy within the continental limits of the United States and an empire in the so-called insular possessions. You have to be consistent with your principles. If not, you should discontinue the teachings of American ideals in Porto Rico, as it is unfair and cruel to instill in the minds of the Porto Ricans the principles of democracy and the liberal institutions of this country and deny them at the same time a decent status in the establishment of a government based under these principles.

There are three solutions to be considered by the American Government in dealing with Porto Rico: Statehood, independence, complete autonomy.

The issue of statehood has been and is constantly discussed in the island. While it is true that there are prominent Porto Ricans in favor of this solution, others feel that it is not feasible and oppose it, claiming that if granted it will not bring about the happiness of Porto Rico. The granting of statehood is a serious problem and should be carefully considered here both from the American and the Porto Rican point of view.

It is my belief that the continental Americans and the Porto Ricans who favor statehood have not studied the problem carefully. Before committing ourselves to an opinion on such a transcendental question we should consider its consequences. We constitute a country of 1,500,000 inhabitants, with our own history, our own personality, our own customs, and speaking our own language. There is no similarity between continentals and Porto Ricans from a racial point of view. The habits, customs, characteristics, idiosyncrasies, ideology, and ethnology of the two peoples are fundamentally different. The mental processes of the two races differ widely. Under the circumstances, one should hardly expect unity in thought, feeling, or action were the two races brought together.

Language is a factor of unquestioned importance. The masses of the people of Porto Rico speak no other language but Spanish. The English language is known by some prominent men and by a number of young people educated in our secondary schools and higher institutions of learning. These young people can not handle the language of Shakespeare with the same ease as the language of Cervantes, and they naturally prefer their own language to any other. In the heart of the country, in the mountains, Spanish alone is spoken. English has not yet reached the heart of the people, nor is it reasonable to expect this ever to come about. The language of a people constitutes the voice of its soul, the means of expressing its feelings, and its personality. Love for the vernacular is ingrained in the individual. To deprive him of his native tongue would be heartless and cruel.

I have heard some continentals say that Porto Rico will be admitted to the Union as a State only when all the Porto Ricans are speaking English. This is absolutely impossible. Spanish will never be driven out of use in Porto Rico. It is our language and we will speak it as long as Porto Rico exists. The American people should realize this fact. If the disappearance of the Spanish be considered a requisite to the attainment of statehood, we wish to tell the American people frankly that we can not accept it at such a price. We realize that statehood is a great honor, but we want for our country a solution of its political problem which without breaking the bonds uniting us to the American people, will secure the happiness of the people of Porto Rico.

Our island can not be governed by the same laws which are in force in the States of the Union. Laws must be adapted to the customs and conditions of the country where they are to be enforced. Legislation which might be very beneficial in continental United States might turn out to be ruinous in the island of Porto Rico. We need our own special laws for our development, and these laws we can only frame under a completely autonomous government. Statehood would only plunge us into great difficulties.

Governor Post, in his article on Porto Rico, already mentioned, says the following in opposition to the granting of statehood to the island:

> I am opposed to this more as a citizen of New York than as a friend of Porto Rico. It would be unwise to admit 8 or 10 Congressmen and 2 Members of the United States Senate into participation in the control of our Nation until such time as the Porto Ricans have demonstrated a real affection for our country, and a real knowledge and appreciation of our institutions. It is absurd to say that a people are unfit to govern themselves and yet invite them to come in and govern us. To-day the Porto Ricans' interest is centered in his own island, rather than in the United States. We have seen in recent years situations in the United States Senate where the welfare, almost the very existence, of this country depended upon the vote of one or two Members, and we are not in a position to admit into that body two Senators whose primary allegiance would be to their island and whose sympathies and prejudices are not our own. When individual foreigners enter into American communities and mingle in everyday life with the American population and yet fail to become American in the atmosphere of America, we can not expect an alien people, speaking a foreign tongue, separated by geographical, traditional, and racial barriers from the American continent, to succeed where the foreign colonies of New York, Boston, and Chicago have failed.

The views expressed by Chief Justice Taft in the case of Balzac against Porto Rico are of no less importance. With reference to the incorporation of Alaska into the United States, the Chief Justice says that Alaska was a very different case from that of Porto Rico; that it was an enormous territory, very sparsely settled, and offering opportunity for immigration and settlement by American citizens; it was on the American continent and within easy reach of the then United States; it involved none of the difficulties which incorporation of Porto Rico presents.

Let us further quote from his opinion another paragraph which seems to me very important:

We need not dwell on another consideration which requires us not lightly to infer from acts thus easily explained on other grounds an intention to incorporate in the Union these distant ocean communities of a different origin and language from those of our continental people. Incorporation has always been a step, and an important one, leading to statehood. Without, in the slightest degree, intimating an opinion as to the wisdom of such a policy—for that is not our province—it is reasonable to assume that when such a step is taken, it will be begun and taken by Congress deliberately and with clear declaration of purpose, and not left a matter of mere inference or construction.

Chief Justice Taft refers to the difficulties which the incorporation of Porto Rico presents and says that incorporation has always been a step, and an important one, leading to statehood.

Thus spoke Hon. William H. Taft, as a member of the United States Supreme Court. While refraining from intimating an opinion as a member of this body he, however, as President of the United States, expressed his views very clearly on the matter of our status. In his message to the Sixty-second Congress, December, 1912, President Taft said:

The failure to grant American citizenship continues to be the only ground of dissatisfaction. I believe that the demand for citizenship is just. But it should be remembered that the demand must be, and in the minds of most Porto Ricans is, entirely disassociated from, any thought of statehood. I believe that no substantial approved public opinion in the United States or in Porto Rico contemplates statehood for the island as the ultimate form of relation between us. I believe that the aim to be striven for is the fullest possible allowance of legal and fiscal self-government, with American citizenship as the bond between us; in other words, a relation analogous to the present relation between Great Britain and such self-governing colonies as Canada and Australia.

Other prominent Americans, among them the late Chauncey M. Depew, former Secretary of State Root, H. G. Wells, and others have expressed the same views.

I, for myself, believe that statehood is not a good solution, either for the people of the United States or for the people of Porto Rico.

Another solution is independence. There is also an important element in Porto Rico favoring this ideal. In fact, this was the ideal of Porto Ricans during the Spanish régime. We never receded in our struggle for freedom. My predecessor, Luis Muñoz Rivera, was indicted forty-two times for defending the liberty of his country.

The ideal of independence has always been very dear to the Porto Rican people. In fact, it is the feeling predominating in the island. But there are many Porto Ricans who believe that they can secure this independence under the American flag without breaking the ties that bind us to this country. These Porto Ricans accepted American citizenship without mental reservations, and their loyalty is unquestioned. However, they can not conceal their resentment when an attempt is made to describe our island as an orphan institution wholly dependent on the charitableness of the United States for its salvation. They are and expect to remain American, but not at the expense of their honor and dignity—not at the cost of such a great price. But if we are treated by the American people as equals, and a decent status is granted to the Porto Ricans which will allow them the complete control of their local affairs, I feel sure that the people of the island would be satisfied and content under the jurisdiction of the United States. Our objective is full self-government, not separation from this country.

In my opinion the best solution is complete autonomy. Porto Rico has a right to work out its own destiny. The constitution of Porto Rico should be drafted in San Juan and not in Washington, as the constitution of Canada was drafted in Ottawa and not in London. I have introduced a bill in the House authorizing the island of Porto Rico to form for itself a constitution and government under the jurisdiction of the United States. This constitution will take effect as the organic law of the island when approved by Congress. As it will be adopted by the people of Porto Rico only with the full approval of Congress, it would be possible to inaugurate a system of government in harmony with the interests of the United States and the aspirations of the people of Porto Rico.

Speaking of complete autonomy, Governor Post has this to say:

This solution appeals to me as being feasible and less dangerous to the United States and to Porto Rico; that is, to carry out bravely the experiment which we have muddled soft-heartedly and soft-headedly, and give to the island, under the flag of the United States, complete autonomy. Let us adopt some form of government similar to that of Canada, or other self-governing dominion of the British Empire. We did not hesitate to benefit by English experience in first establishing our civil government, but we chose to adopt the plan of a crown colony. Let it be clearly understood that the people of Porto Rico are governing their own island in their own way, through their own duly elected or appointed representatives; that the supreme American authority in the island is merely there to represent the United States and to protect American and foreign interests, and will not be responsible for mistakes or have credit for success in local affairs. Let it be clearly understood both at home and abroad that the Porto Rican alone is responsible for the political stability and economic welfare of his island, just as the citizen of New York, Illinois, Georgia, or Texas is responsible for the welfare of his own State. If he does well, the whole island will benefit, and he is entitled to have the credit therefor. But if he fails, he can not hide behind the coat tails of the titular American governor, who is forced into being either a figurehead or a "wrench thrown in the machinery."

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If this system were adopted and honestly and fearlessly carried out for a term of years, I believe that it would eliminate practically all the sentimental objections and irritations now existing, and leave the Porto Rican free to judge and to appreciate the real fundamental benefits which he receives from his connection with the United States. This appreciation will lead him also to realize how suicidal an attempt at an independent national existence would be in the end; and slowly, but I believe surely, he would become a true American citizen in fact as well as in name

But it is said by the President that a greater grant of autonomy will not permit us to improve the economic position of our Government or our people. I have heard this argument on many occasions in official circles, and especially in the Bureau of Insular Affairs.

I have also heard that because Porto Rico does not pay Federal taxes it should feel satisfied and not insist in asking for a greater grant of autonomy. Nothing hurts the feelings of the Porto Rican people more than this disgusting reference to dollars and cents in the discussion of matters directly affecting the liberties of their country. Those who so speak have not been able yet to understand the psychology of our people where human rights and liberties have more weight than the almighty dollar.

On the other hand, there are others who, after giving this matter careful consideration, have arrived at a different conclusion. As an illustration, I wish to further quote the following from Governor Post's article on Porto Rico:

The love of self-government is not dependent upon material prosperity; it seems to be inborn and ingrained in all people, especially, we like to think, in the American people. I do not suppose that anyone would question for an instant that if Germany had been successful in the late war and New York City had been placed under the rule of an imperial administrator, trained in the school of municipal government of Germany and responsible only for results to the Imperial Government in Berlin, that the city of New York would be infinitely more honestly and efficiently administered than it has been for the past four years; yet I doubt that the people of New York would be satisfied to be governed from Berlin. In any city the surest political slogan that can be raised is "home rule" against outside domination, and even the more intelligent resent reforms imposed by superior state or national authority.

As an argument against granting to Porto Rico a more autonomous government, it is said that at the time of the American occupation the island was without experience or training in self-government, and that it has been given greater liberty than it has ever enjoyed and powers of government for the exercise of which its people are barely prepared.

The President is rather severe in his description of conditions in Porto Rico at the time of the American occupation, when he says:

We found the people of Porto Rico poor and distressed, without hope for the future, ignorant, poverty-stricken, and diseased, not knowing what constituted a free and democratic government, and without the experience of having participated in any government. We have progressed in the relief of poverty and distress, in the eradication of disease, and have attempted with some success to inculcate in the inhabitants basic ideas of a free democratic government.

Paraphrasing the words of Mr. Coolidge, we might well counter with this:

We found the people of the United States rich and powerful, with great hope for the future, educated and healthful but not knowing what constituted a free and democratic government in dependent countries and without the experience of having participated in any colonial system of government.

The English historian, Froude, states that all history has demonstrated that self-governing democracies are incapable of properly administering the government of colonial possessions. What is everybody's business is nobody's business. The United States does not suffer from the inexperience of Porto Rico in

self-government, but Porto Rico suffers from the inexperience of the United States in governing others. To govern Porto Rico or any other country properly would require more time and attention than busy legislators thousands of miles away are willing to give to the subject.

Our inexperience, however, can not be compared with the inexperience of the people of this country to administer our local affairs. And this lack of experience on your part is not a reflection on the people of the United States. The creation of an empire was something beyond the expectations of the founders of this great Republic. It was unnecessary, therefore, to specialize in the study of problems which were never expected to be faced.

The acquisition of Alaska in 1867 did not involve a serious problem of government, as it was a vast territory inhabited by only 30,000 people, about 60 per cent of whom were uncivilized. It was not until the acquisition of Hawaii, Philippine Islands, and Porto Rico, that the United States was practically initiated in the government of outlying territories. America, untrained in the government of foreign countries, and unfamiliar with conditions prevailing in the newly acquired Territories, was suddenly faced with the new responsibility of administering foreign dependencies traditionally the cause of turmoil for the old and experienced monarchies of Europe.

With the acquisition of these Territories, a new policy of expansion was inaugurated by America. With regard to my own country you are charged now with the duty of studying our conditions and of establishing a republican form of government satisfactory to the people and conducive to our happiness.

It seems to me that the American people have not yet realized the importance of this problem. The lack of knowledge of our problems, which was but natural at the time of the American occupation of our country, can not be further justified after the expiration of 30 years of American control. And it is only fair to state that no special effort has been made by those intrusted with the destinies of Porto Rico to study the intricate problems which surround us or even to obtain in a general way a comprehensive knowledge of conditions in the island. This is one of the greatest handicaps we have to overcome.

In expressing these views I have not in mind any executive branch of the Government. The responsibility is placed by the Constitution in Congress, which is the highest tribunal with jurisdiction over our country. And what has been your experience in the local affairs of Porto Rico? Are any of you specially acquainted with the habits, customs, and psychology of our people; with the economic, social, and political problems of the island and the complexion and structure of our Government?

If there is any Member of the House with such qualifications, I invite him to arise. None of you, I dare say, are so qualified. Certainly you have not deemed it necessery to dedicate even part of your time to the study of our needs and problems. I can easily understand your indifference to these matters. You have no time to spare for Porto Rico. You are Members of the greatest legislative body in the world, where matters of national and international interest are constantly occupying your attention. Besides, it is but natural, and I might add even your solemn duty, to devote the preponderance of your time to the interest of your respective districts. That is not in any manner intended as a criticism, but as a statement of fact which I believe all gentlemen here fully recognize. But it explains why none of you can claim special knowledge on insular affairs.

I do not blame you as much for your indifference as for your delay in recognizing the rights of the people of Porto Rico to the control, without your intervention, of our internal affairs. You should not attempt to rule a far-distant territory without previously and conscientiously exhausting all sources of information and without a thorough personal knowledge of the people and conditions prevailing in such territory. Under these circumstances, justice and wisdom advise that you should refrain from interfering in our local affairs and fully recognize that the right to the management of our problems is inherently and necessarily ours.

No Member of this House or the Senate can claim more qualifications to legislate for Porto Rico than the members of the Porto Rican Legislature. No Member of either House can allege that a man from Oklahoma, Illinois, Indiana, or any other State, appointed by the President, will be more qualified than a Porto Rican selected by the people to exercise the executive functions of the government of our island.

Yet you have not conceded to the people of Porto Rico the right to elect the governor, in spite of the fact that we have been for years knocking at the doors of Congress for the recognition of this right.

There is in the island of Porto Rico an abundance of excellent material from which to select a good executive. There are men who not only are familiar with the Spanish and English languages, but who also have the advantage of knowing American institutions and, of course, the people of their country. A man sent from the States lacks these requirements. In the first place, the Spanish language is unknown to him, he is not acquainted with the people, does not know their customs and psychology, and naturally can not be an efficient executive, especially in the first period of his administration. Besides, it is only natural that we should have the aspiration of electing our own executive, because we consider that our inherent right. As the Porto Ricans are American citizens, they naturally resent and protest against the exclusion of one of their number, if the objection to the granting of the right of electing an insular man to the governorship is that he will be a native of the country.

It may be said that the Governor of Canada, Australia, and other British Dominions, is appointed by the home government. This is true, but there is no similarity in the policy followed by England and the United States in the outlying territories, and besides there is a great difference between the two systems of government. In these British dominions the governor is appointed by England, but only after the people to be governed have indicated their approval of the appointment. Porto Rico never had the opportunity to express approval or disapproval, because our country is not consulted in the appointment of the executive. In Canada and Australia the governor is to a great extent an ornamental figure. The real executive is the Premier, who is always a leader of the party having a majority in Parliament. The executive, therefore, is elected by the people. Under the American system the governor is the executive; that is to say, he is himself the most powerful factor of the government, and the people to be governed have no voice in his selection.

President Coolidge says that the progress made by the people of Porto Rico justifies high hopes for the future. It is my opinion that this progress justifies at the present time the granting of full governing powers to the people of Porto Rico. The argument of inexperience can not be successfully advanced. This argument, which is as old as the world, was frequently used by the old monarchies of Europe as an excuse for their intervention in the internal affairs of small countries. Will the young Republic of America resort to the same old argument? Not for long, I hope. We believe in the United States of America. We believe that this country will always keep faith with the principles enunciated by Jefferson, Madison, and Lincoln.

The President rather underestimates our ability for learning when he says that the United States has attempted with some success to inculcate in the inhabitants of the island the basic idea of a free, democratic government. It is not with some success merely, but with really remarkable success, that we have been taught to believe in the principles of a free, democratic government. If we have taken your lessons too seriously, certainly it is not our fault, and no blame should be placed on us on that account.

I do not want you, however, to entertain the idea that we learned to fight for freedom under the American flag. Love for liberty is inherent in our race. We energetically protested against oppression under the Spanish régime. We constantly demanded the recognition of our rights. We never yielded to force. Our patriots were persecuted; our press was muzzled; our lives menaced. We, notwithstanding, persisted in our efforts to build up for ourselves a country where we could live in decency and honor, but when, after a long and continuous struggle, autonomy was granted to Porto Rico by Spain, the soldiers of America landed on our soil, and, as Governor Post says, "the work of 400 years was blown away in the breeze that raised the American flag over the island."

In the course of his address before the Pan American Conference at Habana, President Coolidge gave utterance to high and lofty motives worthy of the best traditions of American history. Typical of the sentiments expressed in the immortal Declaration of Independence were these words:

> Our most sacred trust has been, and is, the establishment and expansion of the spirit of democracy. * * * We have put our confidence in the ultimate wisdom of the people. We believe we can rely on their intelligence, their honesty, and their character. We are thoroughly committed to the principle that they are better fitted to govern themselves than anyone else is to govern them. * * * It is better for the people to make their own mistakes than to have someone else make their mistakes for them.

Such was the noble utterance of the President in the presence of the representatives of the Pan American nations. Certainly no one will contend that he had any other motive than to convince his hearers that such indeed were his convictions. What I can not understand, in view of the President's pronouncements, is his apparent determined insistence to follow a

diametrically opposed policy in his dealings with the people of Porto Rico, where he has the best opportunity that he will ever have during his term in office to show the sincerity of his expressed belief that the people are the best and safest guardians of their own destiny.

Mr. Chairman and gentlemen of the House, I shall now conclude. In doing so, I must say frankly that I have been deeply hurt by the President's letter. In my country I have always defended the good intentions of the United States toward Porto Rico. For my policy in this regard I offer no apology, and do not desire now to be understood as offering any.

If a man affronts me individually, Mr. Chairman, I can possibly ignore it. But if it is my country that is affronted, I can not ignore it. I am hurt, and if the affront is unjustified, I must answer it to the best of my ability. I must do this whatever the consequences may be, politically or otherwise.

I have not meant to be harsh, gentlemen of the House. I have only meant to be frank. If I were not frank, I would neither be fair to you, to my country, nor to myself.

I ask you, gentlemen, individually and collectively, to put yourselves in my place, and to give my views that sympathetic and fair consideration that you would ask for yourselves in similar circumstances. I ask at your hands only that fair play for which the American Congress is justly distinguished above all similar parliamentary bodies on this earth. [Applause.]

Mr. DYER. Will the gentleman yield?

Mr. DAVILA. With pleasure.

Mr. DYER. Will the gentleman state, if he has not already done so, how many of the officials in Porto Rico are from the United States?

Mr. DAVILA. Well, we have the governor, the auditor of Porto Rico, the attorney general, and, of course, all the Federal officers are appointed by the President. The commissioner of education is appointed by the President and the justices of the supreme court are appointed by the President.

Mr. DYER. Are they Porto Ricans?

Mr. DAVILA. Two of the justices of the supreme court are continental Americans and the other three are Porto Ricans.

Mr. DYER. Then you have been making progress in that respect; that is, your own native Porto Ricans have been assuming the responsibilities of the government and of the courts, have they not?

Mr. DAVILA. Yes; and we have done that with great success.

Mr. DYER. The gentleman feels satisfied you could go even further than that and take over other offices, including the governor?

Mr. DAVILA. Yes; beyond any question.

Mr. McCLINTIC. Will the gentleman yield?

Mr. DAVILA. Yes.

Mr. McCLINTIC. What is the population of Porto Rico?

Mr. DAVILA. I suppose to-day we have 1,500,000 people, or nearly that.

Mr. SIROVICH. Will the gentleman yield?

Mr. DAVILA. Yes.

Mr. SIROVICH. Do I understand it is the gentleman's idea that the island of Porto Rico should have the same form of independence and the same form of government that the island of Cuba has to-day?

Mr. DAVILA. No, sir. We do not want to separate from the United States. If independence is granted to Porto Rico we will accept independence, but we are not asking for a separation. What we want is an autonomous government under American jurisdiction and under the American flag. If the American people believe we are good enough to be their fellow citizens we would be glad to be considered as such on the basis of strict equality, but if you do not feel that way, the only honest and fair course for you to pursue is to grant Porto Rico its independence. We will never accept anything that will mean inferiority under the American flag.

Mr. SIROVICH. Are you willing to accept complete statehood for Porto Rico, the same as any other State in the Union?

Mr. DAVILA. If you grant us statehood I am sure Porto Rico will accept statehood. That is my opinion, but according to the views of prominent Americans statehood is perhaps not the best solution for the United States or for Porto Rico, but an autonomous government. However, if you grant us statehood it is my honest belief that Porto Rico will be glad to accept such great honor in spite of the financial difficulties that we will be bound to meet.

Mr. DYER. Will the gentleman yield?

Mr. DAVILA. Yes.

Mr. DYER. How many of the people in Porto Rico vote at the elections?

Mr. DAVILA. Well, I believe it is about 80 per cent, or more than that; at any rate, more than in the United States, on the average. I am sure that the average in Porto Rico is more than the average in the United States.

Mr. Chairman, I ask unanimous consent to print in the RECORD the letter addressed by President Coolidge to Governor Towner, the reply of the Porto Rican leaders, and to revise and extend my remarks in the RECORD.

The CHAIRMAN. The gentleman from Porto Rico asks unanimous consent to revise and extend his remarks in the RECORD in the manner indicated. Is there objection?

There was no objection.

The letter and reply referred to are as follows:

HON. HORACE M. TOWNER,
Governor of Porto Rico, San Juan, P. R.

DEAR GOVERNOR: I desire to acknowledge the concurrent resolution of the Legislature of Porto Rico committed to Colonel Lindbergh on his visit to San Juan and also a cablegram dated January 19, signed by Messrs. Barcelo and Tous Soto, the president of the Senate and speaker of the House of Representatives of Porto Rico, respectively.

The cablegram and resolution seem to be based largely on a complete misunderstanding of concrete facts. It would not be difficult to show that the present status of Porto Rico is far more liberal than any status of its entire history; that its people have greater control of their own affairs with less interference from without; that its people enjoy liberty and the protection of law; and that its people and its government are receiving material assistance through its association with the continental United States. The treaty of Paris, of course, contains no promise to the people of Porto Rico. No phase of that treaty contemplated the extension to Porto Rico of a more liberal régime than existed. The United States has made no promise to the people of Porto Rico that has not been more than fulfilled, nor has any representative or spokesman for the United States made such a promise.

The Porto Rican government at present exercise a greater degree of sovereignty over its own internal affairs than does the government of any State or Territory of the United States. Without admitting the existence of "a grave economical situation" in the finances of the government of Porto Rico, the present difficulty, which it is hoped is but temporary, is exclusively the result of the exercise by the elected representatives of the people of Porto Rico of an authority granted by the present very liberal organic law. The responsibility of the United States, as distinguished from that of Porto Rico, is, at most, that officers appointed by the President in Porto Rico may not have exercised power legally placed in their hands to veto or make ineffective acts of the Porto Rican Legislature.

The cablegram complains that—

"Ours is the only Spanish-American country whose voice has not been heard at Habana during the Pan American Conference, for it was not represented there."

This is a most serious error and is based on a fundamental misunderstanding of the relation of Porto Rico to the United States. No State or Territory of the Union was represented as such at Habana, but the representation of the United States in Habana represents Porto Rico as truly as it represents any part of the territory of the United States.

The request is made that Porto Rico be constituted as a "free State" and not "a mere subjected colony." Certainly giving Porto Rico greater liberty than it has ever enjoyed and powers of government for the exercise of which its people are barely prepared can not, with propriety, be said to be establishing therein "a mere subjected colony." The people of Porto Rico are citizens of the United States with all the rights and privileges of other citizens of the United States, and these privileges are those which we invoked "when declaring for independence at the memorable convention at Philadelphia."

In answering the cablegram, it might be well to consider briefly the conditions and tendencies we found in Porto Rico and what the situation in Porto Rico is to-day, as well as the steps we are responsible for in Porto Rico to better conditions as we found them and as they exist to-day.

There is no conflict of opinion as to the condition in which we found Porto Rico. Perhaps the best authority on local conditions was Dr. Cayetano Coll y Toste, who, in an article published in Porto Rico in 1897, after describing the progress in Porto Rico for 100 years ending with that year, thus describes the great body of the population of Porto Rico:

"Only the laborer, the son of our fields, one of the most unfortunate beings in the world, with a pale face, bare feet, lean body, ragged clothing, and feeverish look, walks indifferently, with the shadows of ignorance in his eyes, dreaming of the cock fights, the shuffle of the cards, or the prize in the provincial lottery. No; it is not possible that the tropical zone produces such organic anemia, this lethargy of body and soul is the offspring of moral and physical vices that drag down the spirit and lead our peasants to such a state of social degradation. In the miserable cabin, hung on a peak like a swallow's nest, this unhappy little creature comes into the world; when it opens its eyes to the light of reason it does not hear the village bell reminding him to lift his soul to the Divine One and render homage to the Creator of worlds; he hears only the hoarse cry of the cock crowing

in the early morning, and then he longs for the coming of Sunday to witness the strife and knavery of the cock fights. When a man, he takes up with the first woman to be found in the neighborhood and makes her his mistress to gratify his amorous lusts. In the wretched tavern the food he finds is only the putrid salt meat, codfish filled with rotten red spots, and Indian rice; and the man who harvests the best coffee in the world, who helps to gather into the troughs the sweetest grains of nature, and takes to pasture in the fields and meadows the beautiful calves, can not raise to his lips the bit of meat, because the municipal tax places it out of his reach, and almost duplicates the price of the tainted codfish; coffee becomes to him an article of luxury through its high price, and of sugar he can only taste that filled with molasses and impurities. * * * This eternal groan of the Porto Rican laborer is an infirmity of our present-day society, and consequently it is necessary to study it and remedy it."

That the accuracy of this description was appreciated in Porto Rico was evidenced by the fact that it was awarded a prize from the Economic Society of Friends of the country.

Other contemporary testimony of prominent Porto Ricans to the same general effect is not lacking, but space forbids its inclusion.

Were this pitiable economic condition the result of a passing depression the situation would have been less hopeless, but the evidence is clear that the condition was one of long standing and that the tendency was to get worse rather than to improve. One would look in vain for a single ray of hope if Porto Rico were to continue its normal course as we found it. Health and sanitation, education, and public works were such as naturally accompanied the situation of the people pictured.

Prior to the American occupation the Porto Rican people had received practically no training in self-government or the free exercise of the franchise. While there existed a body of educated, intelligent men, the great mass of the people were without experience or training in self-government and only a small percentage could qualify as voters under very broad electoral qualifications.

The military government in its brief existence of 18 months accomplished the following:

1. Order was reestablished and an insular police force organized.

2. The more obvious burdens of taxation as they fell on the very poor people were abolished and a careful study made by an expert preparatory to the adoption of a proper revenue system for the island.

3. Such changes in the judicial system were made as were necessary to bring that system more in accordance with American procedure and with the American view of individual rights and liberty.

4. A department of education was established, boards of health were organized. The public works were reorganized, and progress in road building was greater than in all the previous history of Porto Rico.

And, finally, the government was reorganized in accordance with the act passed by Congress to establish a civil government in order that there might be a minimum of friction in changing from the military to the civil government.

Experience has shown that this organic act, though intended to be temporary, was quite up to the standard of such acts and that it gave to the people of Porto Rico a liberal form of government under which they could acquire experience in democratic government honestly administered and could enjoy all of the rights and privileges to which we are accustomed. Under it the possibility of development was great, and this possibility was realized.

THE PRESENT STATUS OF PORTO RICO

Congress, recognizing the progress in Porto Rico, enacted in 1917 the present organic law. Under this law the Porto Rican people were made citizens of the United States. All of the guaranties of the Constitution are extended to Porto Rico or the Legislature of Porto Rico is granted authority to make effective those guaranties not specifically extended.

The great satisfaction in Porto Rico at the passage of this act is the best evidence of its liberality.

The principal difference between the government of Porto Rico and that of the organized and incorporated Territories of the United States is the greater power of the legislature and the fiscal provisions governing Porto Rico, which are far more liberal than those of any of our States or Territories.

GOVERNMENT FINANCES

Through the urging of the War Department, the United States income tax of 1913 was extended to Porto Rico, with a provision authorizing the modification of the law by the local legislature and directing that the income from this source go into the insular treasury.

In the revision of the organic act of Porto Rico in 1917 the War Department, with the assistance of the governor, was enabled to secure a provision similar to the one in effect in the Philippine Islands; that is, that the internal revenue collected in the United States on Porto Rican products should be turned in to the treasury of Porto Rico. These two taxes are now carried in the returns of the revenues of Porto Rico as "United States internal revenues" and "income taxes," and together they constitute a good part of the revenues of the government.

The treasury of Porto Rico receives the customs duties collected in Porto Rico, less the cost of collection. It receives the internal-revenue taxes which are laid by its own legislature and collected in Porto Rico. It receives the income taxes which are laid by its own legislature. It receives the internal-revenue taxes collected in the United States on Porto Rican products consumed in the United States.

I have set down a few scattered facts which, however, sufficiently show the consequence of Porto Rico's union with the United States. We found the people of Porto Rico poor and distressed, without hope for the future, ignorant, poverty stricken, and diseased, not knowing what constituted a free and democratic government, and without the experience of having participated in any government. We have progressed in the relief of poverty and distress, in the eradication of disease, and have attempted, with some success, to inculcate in the inhabitants the basic ideas of a free, democratic government. We have now in Porto Rico a government in which the participation by Americans from the United States is indeed small. We have given to the Porto Rican practically every right and privilege which we permitted ourselves to exercise. We have now progressed to the point where discouragement is replaced by hope, and while only 30 years ago one was indeed an optimist to see anything promising in Porto Rico, to-day one is indeed a pessimist who can see any reasonable human ambition beyond the horizon of its people.

It is not desired to leave the impression that all progress in Porto Rico was due to continental Americans. Without the cooperation and assistance of Porto Ricans progress would indeed have been negligible, but the cooperation is largely due to the encouragement of American assistance, American methods, and an increase in the reward of efforts made.

There has been a natural hesitation to recall and dwell upon the unfortunate condition of Porto Rico in the past. There is a feeling, however, that the United States is entitled to a good name in its dealing with Porto Rico and to protect itself from any reflection on its good name. Perhaps no territory in the world has received such considerate treatment in the past 30 years as has Porto Rico, and perhaps nowhere else has progress been so marked and so apparent as in Porto Rico. We are certainly entitled to a large part of the credit for this situation.

There exists to-day in Porto Rico a department of health in all respects modern and including in its activities all branches of modern public-health work. Not of least importance as showing the marked progress in health matters in Porto Rico in recent years is the fact that it is completely manned by Porto Ricans. The improvement in the health conditions of Porto Rico is not fully indicated by the reduction in death rate alone, though this rate has been almost divided by two since the early days of American sovereignty of the island. The practical eradication of smallpox, which had existed continuously in the island for over 40 years and which had resulted in over 600 deaths annually for the last 10 years prior to American sovereignty, the diagnosis of the so-called tropical "anemia" which affected the great bulk of the population of Porto Rico, the discoveries in Cuba in the method of propagating yellow fever were concrete benefits to the health situation in Porto Rico and have been of continuous benefit.

The history of education in Porto Rico prior to its occupation by the United States is very largely the history of individual effort. Individuals of character and determination would establish and conduct a school and it would generally disappear with the persons establishing it. Governmental efforts likewise lacked continuity. About the year 1860 a more determined governmental effort was made, and in 1898 the maximum of enrollment in the public schools and private schools was 29,182, which has increased to 213,321. The per capita expenditure for public education in Porto Rico has increased during the period of American sovereignty from 30 cents per annum to approximately $4 per annum. The number of government-owned public-school buildings has increased from none to 991. The department of health and the department of education of Porto Rico are combining to make of the Porto Ricans of the future a different type physically and mentally from those that we found in Porto Rico.

Not because they are entitled to first consideration, but because they are so readily measured and would be of fundamental importance in any change of status, it may be well briefly to recall some of the direct financial advantages to Porto Rico accruing from the relation to the United States.

Porto Rico pays no tax to the United States Treasury. The Federal services in Porto Rico are supported from the United States Treasury.

The services which benefit directly and financially the people of Porto Rico are the Lighthouse Service, the agricultural experiment station, and financial assistance to the college of agriculture, the maintenance of the Porto Rico regiment of the Army, the activities of the Veterans' Bureau, and Federal participation in harbor improvements. In a more general way, Porto Rico receives the protection of the Army and Navy and the service of the Department of State and its Diplomatic and Consular Service.

The expenditures from the United States accruing directly to the people of Porto Rico are not less than $5,000,000 per annum.

In the fiscal year 1927 the total operating revenue of Porto Rico was $11,191,893.11. Of this total the following, in our States and Territories, would not accrue to the local treasury:

Customs	$1,806,567.91
Income taxes	1,565,745.98
United States internal revenue	440,650.71
	3,812,964.60
Excise taxes (which would in great part not accrue to local treasury)	5,701,502.33
Total	9,514,466.93

It will be observed, therefore, that had we not given special and very considerate attention to its needs but had treated Porto Rico as we have treated the incorporated territory of the United States, of the more than $11,000,000 subject to appropriation by the elected Legislature of Porto Rico there would have been not to exceed $2,000,000 available.

The United States tariff extends to Porto Rico, and no part—certainly no agricultural part—of our territory is so favored by its tariff. And the striking development of Porto Rico under American sovereignty as shown by the growth of imports and exports is, in a material part, due to this favorable tariff treatment of its products.

The total exports from Porto Rico in the last complete year of Spanish sovereignty were $11,555,962. In the fiscal year 1927 this total was $108,067,434. The total imports in the last Spanish year were $10,725,563; and in 1927 were $98,810,750.

Comparing this with one of the most prosperous wholly independent neighbors of Porto Rico, we find that in the period in which the exterior trade of Porto Rico has been multiplied by nine that of its neighbor has been multiplied by less than seven.

The total value of Porto Rican products shipped to the United States in the fiscal year was $97,832,523, and of this total $97,000,000 was highly protected in the American market. The total purchases of Porto Rico in the markets of the United States in the same calendar year were $87,046,319. For a number of years Cuba has been the largest purchaser of Porto Rican coffee, which is given a 20 per cent reduction of the Cuban tariff as an American product, not because Cuba sells to Porto Rico but because Cuba sells to the United States.

The advantage of the United States market to Porto Rico can the better be appreciated when it is noted that of the $97,000,000 of Porto Rican products sold in the last calendar year into the United States there would have been imposed, had these products come from countries not enjoying free admission into the United States, a duty of approximately $57,000,000.

On the products from the continental United States entering Porto Rico during the same period the duty imposed, had they come from a foreign country, would have been less than one-third of this amount. Certainly Porto Rico would not desire reciprocity to be more favorable to it.

The bonded indebtedness of Porto Rico is $25,555,000 and that of the municipalities of Porto Rico $18,772,000. These bonds are practically all held in the United States. Due to the fact that these bonds are made tax exempt by a United States statute, Porto Rico pays in annual interest at least 2 per cent less than would otherwise be paid—a saving of approximately $886,540 annually.

In what way, by a greater grant of autonomy, could Porto Rico so look after the market for its products or the market for its bonds, or in what way could it improve the economic position of its government or its people?

In studying the effect of granting to Porto Rico what was requested in the cablegram sent to me, one must naturally begin with the assumption that the products of Porto Rico would be for some time approximately what they now are. The change would be in disposing of them. In the year 1926 Porto Rico sold in the United States market 1,157,000,000 pounds of sugar and received therefor $48,200,000. A near neighbor sold an equal quantity of sugar for $22,800,000. Porto Rico sold in the United States in the same year 20,500,000 pounds of leaf tobacco for $13,000,000. Its neighbor sold an equal quantity of leaf tobacco for $1,192,000. In the sale of tobacco the element of quality enters, but these numbers sufficiently show the effect of the free entry to the United States market on the two principal products of the island and show the extent to which the funds now used to make its purchases abroad and to meet its indebtedness abroad would shrink if the privilege were withdrawn. This shrinkage must be followed by a corresponding shrinkage in the revenues that go to support the activities in Porto Rico which mean progress for the future.

There is no disposition in America, and certainly not on my part, to discourage any reasonable aspiration of the people of Porto Rico. The island has so improved and its people have so progressed in the last generation as to justify high hopes for the future, but it certainly is not unreasonable to ask that those who speak for Porto Rico limit their petitions to those things which may be granted without a denial of such hope. Nor is it unreasonable to suggest that the people of Porto Rico, who are a part of the people of the United States, will progress with the people of the United States rather than be isolated from the source from which they have received practically their only hope of progress.

Sincerely yours,

(Original signed by the President.)

FEBRUARY 28, 1928.

Letter addressed by Messrs. Antonio R. Barceló, President of the Senate, and José Tous Soto, Speaker of the House of Representatives of Porto Rico, to the Resident Commissioner for Porto Rico in Washington, Hon. FÉLIX CÓRDOVA DÁVILA, replying to the letter of the President of the United States to the Hon. Horace M. Towner, Governor of Porto Rico

LEGISLATURE OF PORTO RICO IN DEFENSE OF PORTO RICO

SAN JUAN, P. R., *April 2, 1928.*

Hon. FÉLIX CÓRDOVA DÁVILA,

Resident Commissioner for Porto Rico, Washington, D. C.

OUR DEAR COMMISSIONER: In duty to our native country we feel bound to refer through you to the letter addressed by the President of the United States to the Governor of Porto Rico in connection with the message intrusted by our legislature to Colonel Lindbergh and with our cablegram to the President himself on occasion of the recent Pan American Conference at Habana. This reference is made through you, so that you may duly bring it to the knowledge of the President and of Congress, thus giving it the same publicity that was given the President's letter in the press of the United States and of the other countries of America.

In replying to the President's letter, with the respect due to the Chief Magistrate of the Nation, though with such frankness and sincerity as our duty demands—both to the land of our birth and to the Nation whose flag shelters us and whose citizenship we enjoy—we shall quote such paragraphs of the letter in question as require an answer on our part.

As regards "the enjoyment of individual liberty and the protection of law," we accept the statement of the President. We have never complained of lack of individual liberty. The bill of rights of the National Constitution—the latter not in force in Porto Rico—is substantially written into the organic act of March 2, 1917, granted to us by Congress. We admit, too, that "our people and our government are receiving material assistance through our association with the continental United States." This, as a matter of fact, has always been acknowledged by the island, and we have shown our recognition on different occasions.

THE PRESENT STATUS AND THE SPANISH AUTONOMIC GOVERNMENT

We can not accept, however, the statement that "the present status of Porto Rico is far more liberal than any status in its entire history." The autonomous system of government granted to Cuba and Porto Rico by Spain was more ample, more liberal in many respects, than our present political status. In support of this statement let us transcribe parts of the royal decree of November 25, 1897, "establishing self-government in the islands of Cuba and Porto Rico." (H. Doc. No. 1484, 60th Cong., 2d sess., vol. 3, p. 1843. See Exhibit I.)

COMMENT ON THE AUTONOMOUS SYSTEM OF GOVERNMENT

In our judgment this status was superior to the present one, because the colonial parliament had power to legislate on matters that under the Federal system pertain to the Union. Besides, the parliamentary system was the one established, and the governor general could not act, except in extraordinary instances, unless his orders were countersigned by the corresponding member of his cabinet. This cabinet, of course, was selected from among the members of the party in control of parliament.

The initiative as regards legislative measures resided in parliament as well as in the cabinet; but the cabinet was responsible to parliament and impeachable thereby. In other words, the government was placed entirely in the hands of Porto Ricans, while the governor was merely the representative of national sovereignty and exercised but such functions as were necessary to maintain the rights of the home government. As in the English self-governing commonwealths, the governor "ruled but did not govern." It is true that the upper house was not entirely elected by the people; but the same rule prevails in the powerful Dominion of Canada, which is now a member of the League of Nations and has a minister in Washington. However, the majority of the upper house was elective, and its entire membership had to be natives or residents of the island. The lower house was entirely elective.

It is also true that the governor had power to convene parliament, suspend its sessions, and dissolve it, though in this last case he was obliged to call an election to elect a new parliament; but these are characteristics of the parliamentary system which exist in most of the constitutions of continental Europe, and, of course, in the Dominion of Canada. We acknowledge, however, that our present organic act, with an elective governor, a cabinet entirely appointed by him with the consent of the senate, and containing such other amendments as are hereinafter suggested, would make an essentially republican and representative form of government superior to the Spanish autonomic character.

In his message to Congress, dated December 6, 1897, President McKinley said in connection with this autonomous charter:

"To this end Spain has decided to put into effect the political reforms heretofore advocated by the present premier, without halting for any consideration in the path which in its judgment leads to peace." This autonomy, "while guarding Spanish sovereignty, will result in investing Cuba with a distinct personality, the island to be governed by an executive and a local council or chamber, reserving to Spain the control of the foreign relations, the army and the navy, and the judicial administration." (Messages and Papers of the Presidents, Vol. XIII, p. 6257.)

CONTRAST WITH THE FIRST ORGANIC ACT

Had this been the rule during the present civil government from 1900 to 1917, much conflict between the continent and the island would have been averted. But the rule was always the opposite; the upper house was always composed of a majority of continental Americans who landed in Porto Rico in the morning and were at their desks in the Executive Council in the afternoon of the same day, to enact laws for a country they were visiting for the very first time. That is changed now. The upper house is wholly elective; but we mention the fact as a matter of history, and because of the influence it has exerted in the shaping of the insular frame of mind toward the problem of the political relations existing between continental United States and this island.

PORTO RICO AND THE STATES

The President states that "the Porto Rican government at present exercises a greater degree of sovereignty over its own internal affairs than does the government of any State or Territory of the United States."

We are forced to disagree with this statement. In the first place, the governors of the States are elected by the people of each Commonwealth. The Governor of Porto Rico is appointed by the President at will. Not even is the condition of birth or residence in Porto Rico required of the appointee; and up to the present time neither a native nor a resident of Porto Rico has ever been appointed to the high office of chief executive of the island.

In the second place, the veto power of the governor of a State may be overridden by vote of two-thirds of the membership of the legislature. The veto power of the Governor of Porto Rico is absolute. If both houses pass a law over his veto, the matter is submitted to the President for final decision.

In the third place, the States have constitutions enacted by the people themselves, while Porto Rico is ruled by an act of Congress. State constitutions can not be changed by Congress. The organic act of Porto Rico is subject to amendment at the will of Congress. The people of the States participate in the election of the President and the Vice President of the Republic. The American citizens of Porto Rico have no such right. The States elect two Senators and a number of Representatives, according to their population. Porto Rico elects a Commissioner who sits in the House of Representatives without the right to vote, while his right to the floor depends on the consent of the House.

It is true that Porto Rico disposes of its customhouse and internal revenue receipts, while the States do not. But, surely, no State is willing to change places with Porto Rico and to surrender its internal sovereignty for the sake of receiving all the taxes derived from incomes and excises.

The power to legislate on local matters, aside from taxation, is not superior to that of the States.

In this connection it should be remembered that Congress has the right to nullify all legislation enacted by our local legislature. Let us acknowledge, in honor of Congress and of Porto Pico, too, that not a single law has ever been nullified by congressional action in all our history of association with the United States.

PORTO RICAN FINANCES

"Without admitting the existence of 'a grave economical situation' in the finances of the government of Porto Rico, the present difficulty, which it is hoped is but temporary, is exclusively the result of the exercise by the elected representatives of the people of Porto Rico of an authority granted by the present very liberal organic law. The responsibility of the United States, as distinguished from that of Porto Rico, is, at most, that officers appointed by the President in Porto Rico may not have exercised power legally placed in their hands to veto or make ineffective acts of the Porto Rican Legislature." (The President.)

"The present difficulty in the finances of the government of Porto Rico," we agree, "is but temporary," though it is not "the result of the exercise by the elected representatives of the people of Porto Rico of an authority granted by the present very liberal organic act."

The representatives elected by the people have always provided ample sources of revenue to meet the appropriations made by them. In the year 1925 the legislature enacted a new income tax law drafted by an expert of national standing, Doctor Haig, upon the general lines of the Federal statute. The normal rate of the tax on property was left at 1 per cent, as in 1902, and all the proceeds from this source were devoted, as prior to the former date, to the needs of the several municipalities, the insular government retaining but 10 or 20 per cent, according to the means of the several local governments. This retention was made to compensate the insular government for the expense of imposing and collecting the tax. The increase in the rate of the property tax was entirely due to certain mill taxes levied by the insular government and the several municipalities to provide sinking funds with which to meet the principal of, and interest on, bond issues sold for the purpose of improving sanitary conditions, building schools, constructing roads, and carrying out other improvements necessary to satisfy public needs, thus providing work for the laborers, especially during those seasons of the year when they are unable to obtain work on the sugar, tobacco, and coffee plantations.

A new tax of 4 cents a hundredweight was levied on the manufacture of sugar, and a sales tax of 2 per cent was levied on all commodities except food staples and articles subject to excise taxes. Business licenses and excise taxes practically remained the same, though the rate was reduced on many articles of American manufacture. All these measures were necessary in order to meet the floating debt contracted during the recess of the legislature from August 23, 1923, to February 9, 1925. In accordance with the provisions of the organic act in force at the time, which provided for biennial sessions, the legislature approved the general budget for the fiscal years 1923–24 and 1924–25, before it adjourned in August, 1923. Pursuant to the estimates of the financial officers of the government, that legislature provided ample sources of revenue to meet appropriations, but a coordinate effort on the part of many taxpayers to resist the payment of taxes, and the inconsiderate granting of writs of injunction by the then judge of the Federal court, preventing the treasurer from levying and collecting taxes—particularly excise taxes, which form the principal source of government revenue—brought about a condition that was met by our governor in the only possible way—by not allowing the machinery of the government to come to a standstill. To this end he borrowed from the National City Bank and from the proceeds of the public-improvement bond issue such sums of money as had been diverted from the treasury by the above-mentioned writs of injunction. The same concerted efforts of a number of taxpayers were repeated after the legislature adjourned in 1925, a fruitless attack having been made on the sales tax act, since the same was upheld by both the Federal court under its new judge and the United States Circuit Court of Appeals for the First Circuit.

The amount involved in the injunction proceedings against the treasurer was $5,610,747.91. The amount of the floating debt was $5,025,000, of which $2,822,574.56 have been repaid out of the surpluses of the ordinary revenues of the island. Between now and June 30 of this year we will pay an additional $702,425.42, thus leaving a debt of $1,500,000 to be paid from the same source in another year and one-half at the rate of $1,000,000 a year. The Government has been successful as a rule in sustaining the legality of the several taxes; but thousands, perhaps millions, of dollars of taxes neither levied nor collected on account of the injunctions, have been lost beyond any possibility of recovery by the insular treasury.

After the enactment of the present organic act (Mar. 2, 1917), the native-born treasurers of Porto Rico have encountered difficulties with which their continental predecessors were not confronted. In the first place, by the said organic act the congress established in Porto Rico the prohibition of the manufacture and sale of intoxicating liquors, and although, acting in a democratic manner, it provided that such prohibition could be repealed by a referendum of the Porto Rican voters, the latter, by a great majority, decided to uphold it, as they thought it was their duty to maintain the intent of Congress and to harmonize their opinion with national opinion, which at that time was so much in favor of prohibition that shortly thereafter the eighteenth amendment in force in Porto Rico was ratified.

From a financial standpoint prohibition meant to the treasury the loss of about $1,192,909.04, which was the amount of revenue under the corresponding item during the fiscal year 1916–17.

In the second place, since the approval of the Hollander bill in 1902, excise taxes were imposed upon merchandise manufactured and imported into Porto Rico and were collected without difficulty at the time of importation and before the merchandise was delivered to the consignees; but after 1917 the question of the legality of the imposition of said taxes on merchandise in its original packages was raised, it being alleged that such imposition was contrary to the provisions governing interstate commerce and that it constituted a duty on imports. This naturally brought about instances of avoidance of payment of the tax, and after protracted and costly controversies in the courts and the loss of considerable revenue by the Treasury, Congress recognized the necessity of granting to Porto Rico the right to collect the internal revenue taxes provided by our local laws at the time of importation, and approved the act of March 4, 1927.

This enactment put an end to the controversy, but we are of the opinion that the cooperation of the customs and postal authorities ought to be more effective than at present. This would be accomplished by providing that the excises be collected by the said officials and that postal packages, or those coming by express or through any other chan-

nel, shall not be delivered to the consignees until after payment of the tax.

In the third place, the reduction by the internal revenue laws of the United States of the rate of the excise tax on tobacco brought about a remarkable decrease in the revenue derived from the importation of Porto Rican tobacco into the United States, which revenue, by virtue of the organic act, is paid back to Porto Rico.

And, finally, the income derived from customs receipts diminishes in proportion to the reduction of importations from foreign countries and to the increase of importations from the continental United States, which at present represent 90 per cent of our entire commerce, as may be seen from the following statement:

Imports

1900:	
From United States	$6,952,124
From foreign countries	3,201,922
Total	10,214,036
1927:	
From United States	87,046,319
From foreign countries	11,764,431
Total	98,810,750

The customs duties in 1927 amounted to $1,806,567.91, or only about 16.14 per cent of our public revenues.

It is fair to say that no responsibility can be placed on the governor for not exercising the veto power, because in dealing with the budget he has always freely used the extraordinary power granted to the executive under the present very liberal organic act, by simply striking out any appropriation which in his judgment should be eliminated. Furthermore, he has exercised the very questionable power of amending appropriations by reducing them, in order to readjust the total amount of the budget to a too conservative estimate of probable receipts, the idea being to obtain surpluses applicable to the repayment of the floating debt. He has used this power without restriction and more freely than any former chief executive of the island. Neither is the legislature at fault, for the budget for said fiscal years was reasonable and was justified by the estimates of receipts. The deficit was the direct and immediate result of hampering the treasury by means of injunctions against the levying and collection of taxes. That fact was recognized in the annual report of the governor to the President and the Congress, as can be readily ascertained by reading from such report for the year 1925. (See Exhibit II.)

And if further proof were needed to support the contention that our past financial difficulties were due entirely to the concerted movement on the part of certain capitalistic interests to embarrass our government, and not to careless or unwise legislation on the part of our people, we wish to recall the action recently taken by Congress and the President in approving a law on March 4, 1927, amending our organic act, whereby—

"No suit for the purpose of restraining the assessment or collection of any tax imposed by the laws of Porto Rico shall be maintained in the District Court of the United States for Porto Rico."

This generous and timely action on the part of both Congress and the President was prompted by their desire to rescue us from the greedy hands of a group of taxpayers, after becoming convinced that our improvidence was not the cause of our past difficulties.

THE PAN AMERICAN CONFERENCE

"The cablegram complains," continues the President, "that 'ours is the only Spanish-American country whose voice has not been heard at Habana during the Pan American conference, for it was not represented there.'

"This is a most serious error and is based on a fundamental misunderstanding of the relation of Porto Rico to the United States. No State or Territory of the Union was represented as such at Habana, but the representation of the United States in Habana represents Porto Rico as truly as it represents any part of the territory of the United States."

We do not misunderstand the relation of Porto Rico to the United States. We know that we are not foreign to the United States, but neither are we an integral part thereof in a constitutional sense. In a word, we know that we are "appurtenant to," a possession of, the Republic. (See Insular Cases and Balzac *v.* Porto Rico, 258 U. S. 298; 66 L. ed. 627.)

We know that in any international gathering the United States delegates represent the Union, including all the local subdivisions of the federation, without excluding the Territories and possessions. But we had in mind the words of the late President, elected on the same ballot on which President Coolidge was elected Vice President, when he said, on the solemn occasion of the unveiling of the statue of the liberator, Simon Bolivar, at Central Park:

"Porto Rico is a part of our own territory under a permanent policy aimed at its prosperity and progress, and we see in our Latin American State the best agency to aid the Americas to understand each other."

We assume that said words, pronounced on that occasion before the representatives of all the Latin American Republics, have some meaning; and we had the notion, possibly an erroneous one, that we might have been of some use to the country of our adoption and to those of our own race and blood, provided we had had a voice, if not a vote, at the gathering in Habana, where the peoples bound to us by history sat with the United States to discuss the problems of this hemisphere—a gathering that sat at the capital city of Cuba, our closest sister, whose historical vicissitudes, civilization, and ideology are identical with ours, except that the Cubans shed their blood in Cuba, while Porto Ricans, unable to fight in their country, also shed their blood in Cuba for the freedom of our sister island and for our own. We had in mind that the English colonies—Canada, Newfoundland, the South African Confederation, Australia, New Zealand, and the Irish Free State—are represented and have a voice and a vote with Great Britain and Scotland in the League of Nations and that certainly there is nothing obnoxious to English sovereignty in that plan. On the contrary, the extraordinary result of England's manner of dealing with her so-called colonies which are veritable commonwealths and integral units of the British Empire (or, as the Prime Minister of Australia calls it, the commonwealth of British nations) is the welding together in one community, as in Canada, of peoples of Saxon and of Latin origin, of different races, religions, and traditions, and the union of vast territories and different nationalities situated at the four corners of the earth, all devoted to one common purpose.

But we must say that in our cablegram we did not claim participation in the Pan American conference. We point out the fact that Cuba, emancipated from Spain by force of arms, acknowledged as an independent nation by the United States after a period of intervention in her internal affairs, and with a standard of civilization certainly not superior to that of Porto Rico, was the hostess of all the peoples of the Western Hemisphere, except Porto Rico, all of said peoples being of our own origin and language. And when the President so nobly and so wisely said at the conference—

"We are thoroughly committed to the principle that they are better fitted to govern themselves than anyone else is to govern them. We do not claim immediate perfection. But we do expect continual progress. Our history reveals that in such expectation we have not been disappointed. It is better for people to make their own mistakes than to have some one else make their mistakes for them"—

we felt that for the very reason that we had no voice at the conference, since the United States spoke for us at the Pan American gathering, we were justified in indorsing the words of the President to our sister countries of Latin America and in asking their indorsement in our behalf.

Perhaps we did not observe established precedents of diplomacy; but we might say in atonement of our attitude that ours is also a case without precedent and that diplomacy is made for peoples enjoying their own sovereignty to the fullest degree. We were trying by all means to submit our plea for absolute self-government to the American people and to Congress by presenting to them the contrast between Cuban independence, acknowledged and protected by the United States, and the case of Porto Rico, which is on the same level, at least, as Cuba, but under a political régime according to which not all the powers of the government are derived from the will of the people. And it is not that we are opposed to American sovereignty, to the jurisdiction of the United States. It is not that we want to ignore the benefits of our association with the United States or that we are disloyal to our American citizenship. On the contrary, we are exercising the rights pertaining to that citizenship by asking redress for a condition of political inferiority and by asking for all the rights of citizenship enjoyed by the States and not by us, except the privilege of electing senators and representatives, for we apprehend that our continental brothers might object to the interference in purely national affairs of representatives from a country outside the continent, the race, history, language, and traditions of which country are different from those of the continental States—a country like ours, whose density of population and lack of inducement to extensive colonization render it impervious to penetration by the people from the mainland.

PROMISES OF SELF-GOVERNMENT

"The treaty of Paris, of course, contains no promise to the people of Porto Rico. No phase of that treaty contemplated the extension to Porto Rico of a more liberal régime than existed. The United States has made no promise to the people of Porto Rico that has not been more than fulfilled, nor has any representative or spokesman for the United States made such a promise." (The President's letter.)

The treaty of Paris, dated April 11, 1899, contains but the following provision:

"The civil rights and political status of the native inhabitants of the territories hereby ceded to the United States shall be determined by the Congress." (Article IX.)

As an explanation of this article, the American commissioners, in their memorandum of December 9, 1898, held that as regards the political status and civil rights of the native inhabitants, these were reserved to Congress which would enact laws for the government of the territories ceded to the United States, this being but a confirmation of the right of the sovereign power to leave to the new government the establishment of these important relations. The Congress of a nation which never enacted a law oppressive or detrimental to the rights of residents within its dominions and whose laws guarantee the greatest liberty compatible with the conservation of property, surely can be

trusted not to depart from its well-established practice in dealing with the inhabitants of these islands.

The commander in chief of the United States army of occupation, Gen. Nelson A. Miles, in his proclamation to the inhabitants of Porto Rico, dated July 28, 1898, said:

"In the prosecution of the war against the Kingdom of Spain by the people of the United States in the cause of liberty, justice, and humanity its military forces have come to occupy the Island of Porto Rico They come bearing the banner of freedom, inspired by a noble purpose to seek the enemies of our country and yours, and to destroy or capture all who are in armed resistence. They bring you the fostering arm of a nation of free people, whose greatest power is in justice and humanity to all those living within its fold. * * * We have not come to make war upon the people of a country that for centuries has been oppressed, but, on the contrary, to bring you protection, not only to yourselves but to your property, to promote your prosperity, and to bestow upon you the immunities and blessings of the liberal institutions of our Government."

Secretary of War John W. Weeks, in charge of the affairs of Porto Rico and thoroughly acquainted with the conditions of the island, wrote to Governor Towner in the year 1924, as follows:

"This bill, S. 2448, as it passed the Senate, embodied the views of the department, except that the department favored the election of a governor not earlier than 1932, feeling that the intervening period might be used to good advantage by the people of Porto Rico in preparation for this advance in autonomy.

"The views here have not changed, and I can not but feel that the preparatory work which you have undertaken in preparing the legislative mind for this amendment has been accomplished and that in due course the act will pass, certainly sooner than it could pass if its main feature became effective now."

President Coolidge himself indorsed the views of the Secretary of War in another letter to our Resident Commissioner, Mr. CÓRDOVA DÁVILA, that reads as follows:

THE WHITE HOUSE,
Washington, June 5, 1924.

MY DEAR JUDGE CÓRDOVA: Secretary Weeks has shown me his letter to the acting chairman of the Senate Committee on Territories and Insular Possessions, expressing his approval, with certain slight modifications, of the bill authorizing the election by the people of Porto Rico of their governor in 1932 and thereafter.

The position of Secretary Weeks on this question has my cordial approval.

Very truly yours,

(Signed) CALVIN COOLIDGE.

In 1925 the United States Senate unanimously passed a bill, favorably reported by its Committee on Territories, granting to Porto Rico, beginning with the election of 1932, the right to elect its governor by popular vote. Said official's term of office was to be four years, and he was subject to removal by the President before the expiration of such term. The bill also gave the governor power to designate his cabinet, including the attorney general and the commissioner of education who are at present appointed by the President. The Committee on Insular Affairs of the House of Representatives reported the bill favorably, but it was impossible to consider it on the floor of the House on account of the great accumulation of work in the last days of the session.

Four years have elapsed and the bill has not become law nor been discussed, although it has been again introduced by Senator KING, of Utah, and by Congressman LAGUARDIA, of New York, and the Resident Commissioner from Porto Rico, Hon. FÉLIX CÓRDOVA DÁVILA.

Now, then, if these are not promises of full and complete self-government we declare that we know not what constitutes a promise. Moreover, the promise of self-government to a strange people offered shelter in the home of American democracy is implied in the Constitution, in the institutions of said democracy, and in the history of its territorial expansion, which shows 35 incipient communities converted into sovereign and free Commonwealths absolutely ruling their own destinies.

RIGHTS INHERENT IN CITIZENSHIP

"The people of Porto Rico are citizens of the United States, with all the rights and privileges of other citizens of the United States, and these privileges are those which we invoked when declaring for independence at the memorable convention at Philadelphia." (The President.)

Certainly we "are citizens of the United States." We have "all the rights and privileges of other citizens of the United States." As regards individual or inalienable rights of citizens, we fully enjoy the same; but what of the political rights? The Constitution guarantees to each State a republican form of government. Our form of government is only partly republican. The executive is not elected. He is appointed by the President; and, besides, he is vested with extraordinary veto powers unknown in State constitutions. We do not participate in the election of the President or the Vice President or of the Senators and Representatives in Congress. Our constitution is subject to change by Congress. Unquestionably these are the very privileges that were invoked by Continental Americans "when declaring for independence at the memorable convention at Philadelphia."

PORTO RICO PAST AND PRESENT

The President says:

"In answering the cablegram, it might be well to consider briefly the conditions and tendencies we found in Porto Rico and what the situation in Porto Rico is to-day, as well as the steps we are responsible for in Porto Rico to better conditions as we found them and as they exist to-day.

"There is no conflict of opinion as to the condition in which we found Porto Rico. Perhaps the best authority on local conditions was Dr. Cayetano Coll y Toste, who in an article published in Porto Rico in 1897, after describing the progress in Porto Rico for 100 years ending with that year, has described the great body of the population of Porto Rico."

Let us say at the beginning that there is a mistake in connection with the date of Doctor Coll y Toste's article. It was written not in 1897 but in 1892. We must add that the dark picture drawn by Doctor Coll was greatly exaggerated, since the document was intended as an arraignment of the Spanish Government in Porto Rico. Doctor Coll, unable to find the root of the evil, exclaimed:

"No; it is not possible that the Tropical Zone produces such organic anemia. This lethargy of body and soul is the offspring of moral and physical vices that drag down the spirit of our peasants and lead them to such state of social degradation."

But time is an unbiased and unchallenged judge, and after many years two scientific men of international renown—one of them an American Army surgeon—Doctors Ashford and Gutiérrez, answered the question raised by Doctor Coll y Toste, not by guessing, not in a theoretical way, but on the basis of scientific tests and methods which vindicated the Porto Rican peasant, the jibaro, from the stigma of vice and moral degradation.

We quote from Social Problems in Porto Rico, by Fred K. Fleagle, dean University of Porto Rico, D. C. Heath & Co., publishers, pages 79 and 80. (See Exhibit III.)

The Legislature of Porto Rico has been giving the utmost consideration to this vital problem, and large sums have been devoted to the eradication of uncinariasis. In the year 1925, $200,000 was transferred from a bond issue appropriation to the aforesaid undertaking, in addition to the sum of $50,000 appropriated in the budget for each of the fiscal years 1925–26 and 1926–27. We are glad to acknowledge the cooperation of the Rockefeller Institute with the insular department of sanitation in this important field. The efforts for the control of this tropical disease have been centuplicated since the year 1917, when the people of Porto Rico took full control of the legislature. The same applies to all branches of governmental activities—education, road construction, waterworks, sewers, tarring of roads to prevent dust and rapid deterioration under tropical conditions, erection of public schools and other buildings, development of agriculture, improvement of labor conditions, etc.

Permit us to say that the conditions prevailing in the mountain regions of Porto Rico exist also in some sections of the United States. We quote further from the same work of Doctor Fleagle, who in turn quotes Doctors Gutiérrez and Ashford (p. 29):

"We strongly feel that these writers have unconsciously described uncinariasis. Are the Spanish people considered lazy by those who know them? Were those Spaniards who conquered Mexico, Peru, and all South America, who formed so formidable a power in the Middle Ages, a lazy people?

"Is it laziness or disease that is this very day attracting the attention of the United States to the descendant of the pure-blooded English stock in the southern Appalachian Range, in the mountains of Carolina and Tennessee, the section of our country where the greatest predominance of pure American blood occurs, despised by the negro who calls him 'poor white trash.'"

Doctor Coll's mentioned article describing the progress of Porto Rico in 100 years shows that such progress was steady and continuous. Porto Rico was a country chiefly composed of small farmers; the balance of our external commerce was in favor of the island; the cost of living was much lower than at present; the laborers had the opportunity to cultivate small parcels of land for their own benefit, and absentee owners were unknown. And the fact is of great significance that in 1897, the year before American occupation, the island had entered a new era of freedom by reason of the grant of a complete self-government which placed the destinies of the country wholly in the hands of Porto Ricans. Who can venture to prophesy that under said régime of political and economic freedom the progress of Porto Rico in all phases of human endeavor would not have been as great as that which we have attained under American rule? We venture to say that perhaps we would have gone more slowly; but in every probability we would have reached all social classes and not have benefited a chosen few, as now happens, with the result that the difference between millionaires and laborers, the latter almost destitute of the very essentials of life, is more striking.

On the question of absentee landlords Doctor Fleagle, quoting Weyl, says (p. 17):

"Many of the absentee owners of Porto Rican properties and many of their agents in Porto Rico consider the island and its population as

equally fit for the crassest exploitation, and are as contemptuous of the people as they are enthusiastic about the island. The current use by many Americans of an opprobrious epithet for Porto Ricans bespeaks an attitude which takes no account of the human phase of the problem, but considers the population as composed merely of so many laborers willing to work for such-and-such a price."

And on pages 71, 72, and 73 Doctor Fleagle says on the economic condition of the island: (See Exhibit IV.)

As shown by Dr. Cayetano Coll y Toste in his Reseña Histórica de Puerto Rico, published in 1899, the population of this country in 1897 was 894,302. The agricultural wealth consisted of 2,090,221 acres of cultivated land, valued at $48,694,584, and distributed among 60,953 estates. At the time the land was planted as follows: 61,556 acres to sugar cane; 4,267 to tobacco; 122,358 to coffee; 1,127,086 to pasture; 93,508 to minor products; 17,176 to other diverse products, and 664,270 were in woodland and underbrush.

The cattle wealth consisted of 395,792 head, of which 303,612 were bovine, and in all they were worth $8,366,515. Our urban wealth amounted to $28,867,928.79.

In the year 1927 there were over 240,000 acres of the best land devoted to the cultivation of sugar cane, and 85,000 to the cultivation of tobacco. These two examples are sufficient to show in figures the tangible actuality that Porto Rico devotes its efforts to supply the demands of the American market, to the detriment of its local demands.

Now, what has become of the 60,953 rural estates which in 1897 furnished a means of livelihood to 894,302 inhabitants? The census of 1920 gives us an idea of the situation. At that time the number of estates had been reduced to 41,078, while the population, which must necessarily make a living from agriculture as the principal source of wealth, had increased to 1,299,809. At present the number of estates is about 30,000.

To give a specific proof of the concentration of wealth, we will take six municipalities of the sugar-producing regions and compare the number of estates existing in them in 1897 and in 1920:

	Estates	
	1897	1920
Arroyo	319	113
Santa Isabel	141	36
Guayama	642	388
Fajardo	507	250
Salinas	227	116
Yauco (including Guánica)	2,001	987

With respect to the morals of our people, Doctor Fleagle says (pp. 29, 34) (see Exhibit V):

SUFFRAGE BEFORE AND AFTER AMERICAN OCCUPATION

"Prior to the American occupation, the Porto Rican people had received practically no training in self-government or the free exercise of the franchise. While there existed a body of educated, intelligent men, the great mass of the people were without experience or training in self-government and only a small percentage could qualify as voters under very broad electoral qualifications." (The President's letter.)

We will answer this by saying that at the time of the American occupation we enjoyed universal suffrage granted to us in the year 1897; that under the law the total membership of the lower house of parliament and a majority of the upper house were elected by the voters; that as far back as 1812 we elected representatives to the Spanish constitutional assembly at Cadiz, a Porto Rican, Don Ramon Power, having been elected as one of the vice presidents of that historical gathering; that we participated in all the events of Spanish constitutional history; that in the year 1867 we sent our representatives to inform the Spanish Government on the momentous question of the abolition of slavery, our men, slave owners themselves, having urged the government of the metropolis to abolish slavery immediately, with or without indemnity, and with or without regulation of labor; that by the suffrage of our people we elected 17 representatives to the Cortes of 1872 and 12 to the national assembly of 1873, all of whom asked for the abolition of slavery, said petition, thanks to the powerful and illustrious orator and statesman, Emilio Castelar, having been granted March 22, 1873, without bloodshed or disturbance of any kind.

In short, at the time of the American occupation our senators and representatives, elected by our people, were sitting in the two houses of the Spanish parliament; we had elected the municipal assemblies of our 72 cities and towns, the provincial assembly (diputacion provincial), and the two houses of our own parliament, the entire membership of the lower one and the majority of the upper house being elective.

We shall not deny the achievements of the military government. On the whole it was a credit to the nation, except that the third military governor gave the coup de grace to the autonomic government by abolishing the cabinet system by means of a general order that provoked the resignation of the Prime Minister, Luis Muñoz Rivera, the leader of the Federal Party and of Porto Rico, together with his entire cabinet.

THE PRESENT STATUS OF PORTO RICO

It is true that the fiscal provisions now governing Porto Rico are far more liberal than those of any State or Territory. No State or Territory has ever been allowed to retain customs duties or to have its own system of internal revenue laws for its own purposes. But it is also true that conditions in no Territory were ever the same as in Porto Rico.

What was the population of the several Territories, and what was the value of property therein when they were admitted to statehood?

"Of the 25 States admitted to the Union, beginning with Vermont in 1791 and closing with Colorado in 1876, Maine and Kansas alone had as much as 100,000 population. Vermont, Kentucky, Missouri, and California are the only others which had as many as 50,000 population. In 1836–37 Arkansas * * * was admitted with 25,000 and Michigan with 31,000. From 1845 to 1848 * * * Florida, Iowa, and Wisconsin were admitted to the Union—Florida with a population of 28,700, Iowa with 43,000, and Wisconsin with 30,900.

"Again, in 1858 * * * Minnesota was admitted on the previous census * * * showing a population only of 7,000 inhabitants, and the next year Oregon became a State with only 13,200 population.

"In 1867 * * * Nebraska was taken in on a population of 28,800, and in 1876 * * * Colorado came in with only 39,000."

(Statement of Marcus A. Smith, Delegate from the Territory of Arizona, at the hearing held by the Senate Committee on Territories, June 28 and 30, 1902, on House bill No. 12543, "providing for the admission of the Territories of Arizona, New Mexico, and Oklahoma to statehood," p. 322.)

"When Arkansas was admitted they had $19,000,000 of taxable property; Alabama had $24,000,000; Missouri, $22,000,000; Florida, $21,000,000; Iowa, $24,000,000; California, $22,000,000, Oregon, $29,000,000; Kansas, $35,000,000; Nevada, $30,000,000; Idaho, $26,000,000; and Wyoming, $23,000,000." (Statement of Mr. Flynn, Delegate to Congress for Oklahoma, same document, p. 384.)

Let us compare Porto Rico with the three last Territories admitted to statehood and with the Hawaiian Territory. (See Exhibit VI.)

The statistics contained in Exhibit VI explain why Congress granted to Porto Rico, with a population of 1,398,796 and a density of 407.22 inhabitants per square mile, such generous treatment as it has never afforded a Territory. The public domain in the Territories was very large; agricultural lands were extensive and rich; natural resources plenty and undeveloped; population scarce and scattered over large areas; there was no foreign commerce; little business from which to derive license and excise taxes; no income tax; and a small school population.

The value of the lands granted to said Territories as an endowment from the Federal Government upon their admission to statehood greatly exceeded the value of the resources granted to us by Congress wherewith to meet the needs and solve the problems of Porto Rico, one of the most densely populated countries on earth. No doubt Congress is and has been generous to Porto Rico from the financial standpoint. The United States took Porto Rico as a ward. They adopted us and assumed before the world the duty of promoting our welfare. That could be done in one of two ways: Either by appropriating money to carry on the governmental activities of the island, or by granting us all revenues derived from sources in Porto Rico. Congress followed the latter course, and very wisely, too. Porto Rico claims that she has used such resources in the best possible way to benefit our island; and the progress of our people, as acknowledged by the Chief Executive of the Nation and by all the governors appointed by him and his predecessors, is the best evidence of our capacity for self-government that we can offer to our fellow citizens of the States and to the world.

Coming to other differences between Porto Rico and the organized and incorporated Territories, these differences are:

First. In all the Territories except Hawaii and Alaska there has always been an express promise of statehood. That promise was contained in the ordinance for the government of the Northwest Territory.

The same provision was contained in the treaties with France for the purchase of the vast expanse of French Louisiana, in the treaty with Spain for the acquisition of Florida, and in the Guadalupe-Hidalgo treaty with Mexico.

Second. The governors of the Territories, according to long-honored tradition, have always been bona fide residents of such Territories.

Third. The veto power of the governors of the Territories can be overrode by a two-thirds vote of both houses.

TARIFF

"The United States tariff extends to Porto Rico, and no part—certainly no agricultural part—of our territory is so favored by its tariff. And the striking development of Porto Rico under American sovereignty as shown by the growth of imports and exports is, in a material part, due to this favorable tariff treatment of its products." (The President.)

In dealing with the benefits derived from the national tariff it is well to remember the basis of the diet of our laboring classes.

Doctor Fleagle quotes Doctors Gutiérrez and Ashford on pages 8 and 9 of Social Problems of Porto Rico, as may be seen in Exhibit VII.

Now, let us consider how the tariff affects our people. On rice, for example, the duty is 2 cents a pound. We imported in the fiscal year ending June 30, 1927, from the United States 174,479,054 pounds, worth $8,149,443.

The 2-cent duty represents a burden on the poor man's breakfast of $3,489,581.08. The same applies to wheat flour, codfish, beans, pork, lard, corn, and other articles of extensive and general consumption, and to wearing apparel.

Of course, we accept that in just reciprocity we are bound to buy American goods at the domestic price; and we do not complain of our inability to buy similar goods manufactured in foreign countries except at prohibitive prices, because, when the United States protects the beet sugar of the Western States, Louisiana sugar, and the Kentucky, Virginia, and the Carolina tobaccos, they also protect our sugar and tobacco, by allowing importation free of duty into continental United States. But it is not fair, in our judgment, to make the Porto Rican "poor man's breakfast" pay tribute to growers in the States, especially when the cheap coffee from Brazil is allowed to compete, free of duty, with our superior bean in order not to burden the American "poor man's breakfast." The result has been an enormous decrease in the production of coffee, which was once our main crop. If we are now selling our coffee at a profitable price it is because of the so-called Brazilian valorization of coffee. But now that we receive high prices for our product we have almost none to sell; and what is worse, foreign coffee is invading our island, free of duty, to compete with the native berry in the local market as Porto Rican coffee. So it is clear that the tariff operates both ways. It increases the production of sugar and tobacco—two-thirds of which are in the hands of continental Americans who have monopolized almost all our best lands—and decreases the production of coffee owned chiefly by Porto Ricans.

In 1897 our simple life depended upon the agricultural production of goods which were mostly of home consumption, and this agriculture offered the people opportunity for work throughout the year and the satisfaction of their needs at a price consistent with the wages then paid. Our agricultural revolution, as a result of the concentration of wealth, has developed a market inaccessible to the laborer, and a great reduction in the opportunity for work, for the reason that most of the agricultural activities are such that they do not offer the farm laborer steady work. Therefore, not only is our present-day laborer in a worse plight than the laborer of 1897 because the purchasing power of his wages is less than it was then, but also because he can not obtain work for more than five or six months each year, if at all.

In our opinion, the hardest financial problem with which the people of Porto Rico are confronted is that of unemployment. Indeed, unemployment affects the Porto Rican home directly, and commerce, the small industries, and even our most insignificant social activities, indirectly.

A specific instance of this situation, under which the domestic market is inaccessible to the laborer, may be given by taking milk as an example, and we may say in passing that in accordance with the records of the department of agriculture and labor the production of milk in Porto Rico does not amount to one tablespoonful per capita, while we are forced to import nearly $1,500,000 worth of condensed milk a year from the United States. With the 37-cent wages of 1897 the laborer could buy 20 quarts of milk; with the 80-cent wages of 1927, he could buy but 5 quarts in the country districts and only 4 in San Juan. Thus, for this purpose, the 37 cents of 1897 were worth four times as much as the 80 cents of 1927.

Tests might be made regarding different articles of prime necessity and it would not be difficult to reach the conclusion that on the average, taking into account the respective markets, the wages of 1897 were much higher than those of 1927. If we add to this the fact that there were more opportunities, less population, and greater stability it is necessary to admit, from the viewpoint of social welfare, that our financial situation, as to those matters that most closely bear on the life of the people, was much better at the time to which the President refers than at this time of progress for a few and of want for the many.

ALLEGED LACK OF PREPARATION OF OUR PEOPLE

"Certainly, giving Porto Rico greater liberty than it has ever enjoyed and power of government for the exercise of which its people are barely prepared can not be said with propriety to be establishing therein a mere subjected colony." (The President.)

It is our impression that the words are hardly consistent with these others from the same pen:

"Congress, recognizing the progress in Porto Rico, enacted in 1917 the present organic act."

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"We have now in Porto Rico a government in which the participation by Americans from the United States is indeed small."

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"It is not our desire to leave the impression that all progress in Porto Rico is due to continental Americans. Without the cooperation and assistance of Porto Ricans progress would have been indeed negligible."

* * * * * * *

"There exists to-day in Porto Rico a department of health in all respects modern and including in its activities all branches of modern public-health work. Not of least importance as showing the marked progress in health matters in Porto Rico in recent years is the fact that it is completely manned by Porto Ricans."

* * * * * * *

"The island has so improved and its people have so progressed in the last generation as to justify high hopes for the future."

The achievements of our people in all branches of the public administration and the lofty spirit of the whole body of laws enacted by the legislative assembly during the 28 years of its existence have been acknowledged by all our governors representing the President here, and by every impartial visitor who observes our institutions and systems of learning, sanitation, agriculture, and public works without bias and selfish prejudices. Our laws can stand comparison with the statutes enacted by the most progressive States; and Porto Rican leadership in all governmental activities is acknowledged by witnesses of such high standing that we may well be allowed to take pride in our success notwithstanding bitter criticisms from many quarters.

From the report of Dr. William Crocker, chairman committee of biology and agriculture, National Research Council, Washington, D. C., year 1927, we copy:

"Already Porto Rico is furnishing a number of trained agriculturists to other Latin American countries. She is also looked to for advice in this field. A graduate school of agriculture would strengthen and render very effective this leadership. What is true of Porto Rico in regard to agricultural advance is true in other fields, such as elementary, secondary, and higher education; development of medicine and sanitation; the operation of reform and penal institutions and asylums for the insane. The building, organization, and operation of the last three sorts of institutions is as good as the best in the States. In short, Porto Rico is in position to assume leadership in most lines of advancement in tropical America.

"Perhaps the most important single point to be considered in the formation of such a school is the quality of young men to be educated. On this one can feel the greatest assurance. In the present vigorous campaign of development of public institutions and public works in Porto Rico—a development that has characterized Governor Towner's excellent administration—young well-trained Porto Ricans are largely heading the several phases of activity and they are handling the work is a through-going up-to-date way and with an enthusiasm and patriotism that is assuring. If other countries of tropical America can furnish as good young men and as large a percentage of them as Porto Rico can, there will be an abundance of able and earnest young men to be trained.

"I believe it is generally agreed that the people of Latin America and the people of the United States fail in large measure to understand each other and therefore to cooperate in their efforts for advancement. This is easily understood when one realizes that they are of very different temperament and have different languages, cultures, and religions. Porto Rico, on the other hand, is bilingual and has gone far toward blending both types of culture."

From the address delivered by Dr. Frederick S. Woodbridge, dean of the graduate faculty of political science, Columbia University, at the celebration of the twenty-fifth anniversary of the University of Porto Rico, March 15, 1928, we cite the following:

"Here in this little island the changes and chances of this mortal life have brought two great civilizations together. I found here expressed in what I saw and heard, not simply the hope but the eager effort that the meeting of these two civilizations should not end in discord but in harmony, that the rich heritage of neither should be lost but should be utilized to make this island an illustration of the conquest of nature adorned by the fruits of the spirit. That is a very great ambition. But it is like islands to be ambitious. They like to point out to continents the latter's proper business. They can make themselves reminders of things too easily forgotten when sheer magnitude lies heavy on the mind. They see the prospect from their own door.

"What does this island see? Itself, of course; its own troubles and worries; but it sees also continental America, North and South, and knows that their troubles and worries, especially as they face each other, are like its own. But here these troubles and worries are a matter of daily concern. Here they are not left for occasional conference and adjustment. They make up the ever-present problem of the people of Porto Rico. Who can doubt that this island and this university are right in thinking that their handling of this problem is of unique significance? Who can fail to rejoice that they see it clearly? These 25 years have been rich in achievement. They are richer still in promise. Size has nothing to do with the matter. A model, however small, is a model of what can be done in the large. The universities in whose behalf I have the honor to respond greet this university with affection and esteem. They pray for its increased prosperity. It is an island lighthouse, the light of which makes clear to those who sail the often stormy seas of human affairs a safe course which leads to the heaven of good will."

Dr. R. B. Hill, of the International Health Board, says in an article entitled "Public health progress in Porto Rico," published in the American Journal of Tropical Medicine for May, 1925:

"Public-health work may be said to have begun in 1918, when the department of health determined to initiate a systematic campaign against uncinariasis, then as now the most important and pressing problem confronting it. Upon invitation, the International Health Board of the Rockefeller Foundation made a hookworm survey, which disclosed the fact that 90 per cent of the rural population of the island, or almost 1,000,000 people, were suffering from the disease. A plan for cooperative work was outlined in which sanitation was to precede curative measures."

And Doctor Sellards, in an article entitled "Bonds of union between tropical medicine and general medicine," published in Science, July 29, 1927, writes thus:

"Recently I have had the pleasure of visiting the department of health and the privilege of seeing something of the work of your director of public health. The achievements in hygiene in Porto Rico are progressing to such an extent that the workers in this institute will be driven not merely to the neighboring islands but farther and farther from these shores on expeditions for research in its many and varied phases."

The School of Tropical Medicine was due to Porto Rican initiative. It is evidence of the fact that we Porto Ricans progress and take advantage of our association with the United States.

Illiteracy has been claimed to be a barrier to the admission of our people to complete self-government. We have decreased our illiteracy from 80 per cent to 40 per cent.

Let us hear the words of the Hon. Horace M. Towner, our upright and worthy governor, as contained in his last report to the President, covering the fiscal year ending June 30, 1927:

"Illiteracy: As a result of the special campaign against illiteracy 2,484 adults were taught to read and write during the last school year. The people and the teaching force of the department worked together with a spirit of cooperation and self-sacrifice which deserves recognition and praise. Each town where the work was begun adopted its own plan and selected a board or boards to put it into execution. Forty-two municipalities have so far organized to carry on the work. Night schools were opened in both the urban and rural zones, enrolling altogether 4,269 pupils. Money was secured and the teachers taught in the night schools, sometimes without charge and sometimes for wages ranging from $10 to $25 per month. The number of those who worked gratuitously exceeded the number of those who were paid. In some districts the teachers were requested to teach one, two, or as many as five illiterates. In one district 264 illiterates learned to read and write from the personal instruction of 32 teachers. In one instance a municipality paid the entire expense of one school; in another, two; in another, the mayor paid one teacher. Donations from private persons were numerous. The parents' association, the Red Cross, and other associations rendered valuable aid.

"In two municipalities the high-school students opened, taught, and supported night schools for illiterates.

"Illiteracy has been reduced in Porto Rico during about a quarter of a century from a percentage of 83 to below 40 at the present time. With this work continued among adult illiterates, and the continued increase in number of those who have regular school privileges, the percentage of illiteracy in Porto Rico will soon be as low as it is in some of the States of the Union."

What territory when admitted to statehood had a percentage of illiteracy lower than Porto Rico? Louisiana had in the year 1913, after a century of statehood, a percentage of 29. Were the 13 Colonies more literate than Porto Rico when the Declaration of Independence was signed? And what about the Latin Republics? We are ready to submit to any test that Congress sees fit to put us to. We are entitled, even if we are small and poor and weak, to know what the future has in store for our children. We must have a political goal to reach, so that discouragement may be replaced by hope. We are not pessimists. We can see no reasonable human ambition beyond the horizon of our people. But what is meant by reasonable? Is statehood reasonable?

To judge from the utterances of American statesmen of high standing, statehood is an utter impossibility. Some persons have deduced the same conclusion from the President's letter. We find now and then in the American press and in the words of good-natured Americans in official position or otherwise loose expressions in favor of statehood for Porto Rico, but aside from these sporadic expressions we must say with the utmost frankness that the problem of our definite status after 30 years of American rule has not been given due consideration by the national administration, the political parties, the American statesmen, the press, and the American people as a whole. A community of one million and a half of American citizens, by adoption, who have as a precious heirloom the old and noble culture which sowed the seed of democracy throughout this entire American continent, not excluding the northern section, is certainly entitled to know its future political status, to ask the American people what its place will be in the Union of free Commonwealths forming the glorious American constellation.

Some of the opinions contrary to the incorporation of Porto Rico—many of them favoring a special status such as we propose—have been compiled by the eminent Porto Rican jurist, Mr. Luis Muñoz Morales, in his work "El Status Político de Puerto Rico," 1921. From said text we transcribe:

"H. Teichmueller, of Texas, in an article entitled 'Expansion and the Constitution,' published in No. 2 of the American Law Review for 1899, page 208, says, in referring to the treaty of Paris:

"'Where do we find authority for holding territory which is never to become part of our Union of States, as dependent colonies, and for governing millions of barbarians, as subjects, by methods unknown and foreign to all the principles of our political organization. * * * To act in good faith and in harmony with our poltical principles and the genius of our institutions, we should invite the inhabitants of these several islands to organize their own governments under our protection, and when they have accomplished this to recognize them as independent states.'"

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"Mr. John Bradley Thayer, professor of law at Harvard University, in an article entitled 'Our New Possessions,' published in the Harvard Law Review in February, 1899 (12 Harv. Law Rev. 404), summarizes his conclusions in the following energetic terms:

"'Never should we admit any extracontinental State into the Union; it is an intolerable suggestion. I am glad to observe that it is proposed in Congress to insert in the statute for the settlement of the Hawaiian government the express declaration that it is not to be admitted into the Union. The same thing should be done with all the other islands.'"

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"Mr. Alpheus H. Snow, in his work entitled 'The Administration of Dependencies,' published in 1902, page 593, expresses his opinion thus:

"'All the insular dependencies of the Union and Alaska are probably destined never to be incorporated into the Union as States, because it is best for them and for the Union that they should permanently remain in a relationship of dependence on the Union.'"

"To close these quotations we shall give one from the writings of another President of the United States, His Excellency Woodrow Wilson, who wrote:

"'The dependencies: With the acquisition of Porto Rico and the Philippines as a result of the war with Spain the United States acquired noncontiguous lands already inhabited by people differing from ourselves in language, customs, and institutions. Unlike the territory previously acquired, with the exception of Alaska and Hawaii, the insular possessions are not adapted for the progressive development from Territories to States. They are dependencies, and will remain as such until they reach the stage when they may become independent or self-governing.'" (The State, p. 357.)

And now we shall add the following:

H. G. Wells, in his Outline of History, Volume IV, page 1203, writes:

"It is improbable that either Porto Rico or the Philippines will ever become States in the Union. They are much more likely to become free states in some comprehensive alliance with both English-speaking and Latin America."

On the same page he reproduces the following remarks of President Roosevelt in connection with the Philippine Islands, which are applicable to Porto Rico:

"We are governing, and have been governing, the islands in the interest of the Filipinos themselves. If after due time the Filipinos themselves decide that they do not wish to be thus governed, then I trust that we will leave; * * *

"This is an entirely different outlook from that of a British or French foreign office or colonial office. But it is not very widely different from the spirit that created the Dominions of Canada, South Africa, and Australia, and brought forward the three home rule bills for Ireland. It is in the older and more characteristic English tradition from which the Declaration of Independence derives. It sets aside, without discussion, the detestable idea of 'subject peoples.'"

Professor Snow makes a more concrete statement of his opinion on the status of noncontiguous territory in these words:

"The metropolitan nation is to extend its own representative and republican institutions under its own constitution by incorporating into its body politic such contiguous lands and communities as it deems best, after preparing them for participation in its inner life. The colonies, which are so distant that they can never be incorporated in this body politic, it protects and develops into self-governing states as rapidly as possible, having for its ultimate object the evolution of a federalistic empire composed of itself and a body of self-governing states, connected and united by bonds of interest and amity, of which empire it shall be the representative and head. This new federalistic empire is, as has been said, based on different principles from those which govern a strict federal union like the United States." (See "Neutralization v. Imperialism," American Journal of International Law, July, 1908.)

The program of the twenty-seventh annual convention of the Lake Mohonk conference contained the following conclusion:

"It does not necessarily mean either eventual statehood or eventual independence for our island possessions. It may mean self-government under American protection and subject to American sovereignty."

The noted publicist, Dr. Lyman Abbott, in the Outlook of November 6, 1909, made the following comment on said program:

"The Outlook agrees entirely with all the declarations of this program. But this review is ready to say even more than the Lake Mohonk conference unanimously said. We do not believe that our insular possessions will ever become States of the Union. Neither do we believe that when said countries are prepared to receive independence they will apply for it. Neither do we believe they should be obliged to accept independence. It is our opinion that their present form of government should be remodeled so as to lead to final self-government under an American protectorate and under American sovereignty. We believe that this is what the majority of the brainier citizens of Porto Rico and of the Philippines desire * * *." (Translated from Spanish version.)

In his message to Congress, dated December 18, 1912, the President of the United States, William H. Taft, expressed himself as follows:

"The failure to grant American citizenship continues to be the only ground of dissatisfaction. I believe that the demand for citizenship is just. But it should be remembered that the demand must be, and in the minds of most Porto Ricans is, entirely disassociated from, any thought of statehood. I believe that no substantial approved public opinion in the United States or in Porto Rico contemplates statehood for the island as the ultimate form of relation between us. I believe that the aim to be striven for is the fullest possible allowance of legal and fiscal self-government, with American citizenship as the bond between us; in other words, a relation analogous to the present relation between Great Britain and such self-governing colonies as Canada and Australia."

In Harvey's Weekly (1923) the American ambassador to Great Britain, Mr. George Harvey, said the following:

"The unwritten law promulgated by Marcy in 1855 and repeatedly reaffirmed since then, is that overseas, noncontiguous territories shall not be admitted to the Federal Union. Certainly, it would require a very powerful reason to annul this law and thus bring to Washington Senators and Representatives from Hawaii, Porto Rico, the Virgin Islands the islands of Luzón and Mindanao, and the Zulu Islands. Are we going to replace the Constitution by a 'Constitution of the United States of America, the East and West Indies, and the Pacific Islands'?" (Translated from the Spanish version.)

From an interview of the Secretary of State, Hon. Elihu Root, with the Porto Rican national Republican committeeman, we quote:

"You have a civilization older than, and different from, ours. Your idea of citizenship and other fundamental principles of life are looked at by your people—Roman after all—from a viewpoint different from the one we Anglo-Saxons take; and even certain moral principles are considered differently by both. In common we have but a great deal of good will on both sides, but that is not sufficient. That can not fill the broad, deep gap existing between both races without taking into account the one already caused by nature itself. This country of ours is becoming larger every day; our internal problems are constantly multiplying, and we can hardly give attention to matters of our own. And if this is so, what right have we to try to govern a country from a distance of over 1,000 miles? Without asking you, I am certain that we are misgoverning you, since we have to place a government at such a distance in the hands of men who will surely not understand you; and by the same logic we know that however badly you may do it yourselves, you will surely do it better than the men we are sending you. You must never expect to become a State of the Union. We have put an end to the last two continental territories by making them States. Alaska is of such small population that when she is sufficiently grown, the solution of the problem will be met by our descendants. Hawaii will some day become a Republic. Porto Rico can not expect to escape from the natural influence of surroundings and should also become a Republic under an American protectorate, so that you may not have to worry about foreign nations and the expense that an Army and Navy entails." (Translated from the Spanish version.)

The Hon. William A. Jones, chairman of the House Committee on Insular Affairs, whose name our organic act bears, expressed himself in the following terms:

"No political party or important newspaper has favored statehood, according to my information. If Porto Rico were admitted to statehood there would be two senators and at least half a dozen Porto Rican representatives; and the fear exists that they might exercise a decisive influence in the United States Congress and practically enact laws for the Government of the United States. For this reason I believe there is no opinion favorable in the United States." (Translated from the Spanish version.)

We are conscious of our duty to aid the nation to solve the problem of our status by suggesting a scheme of government by which the insular and national interests, the attributes of American sovereignty, and the rights and dignity of the Porto Rican people may be reconciled and harmonized.

We are not urging upon the American people either independence or statehood. If statehood is offered to our people now, it is our honest belief that Porto Rico would not, could not, refuse the honor that statehood implies in spite of such financial difficulties as we would have to solve with the aid of Congress. If independence is tendered to us we will accept independence on the same basis as our sister, Cuba. But we suggest as a compromise between these extreme solutions a form of government that is neither statehood nor independence, but which, however, participates of both forms, with the advantages of both and without the disadvantages of either.

We limit our ambitions for the present to an elective governor, leaving to the President the power of removal for cause. We apprehend the objections that can be raised against our interference in purely national affairs, but in compensation for this limitation and on account of our peculiar conditions we do not seek power to frame our own tariff, as was the case under the autonomic charter, but we do seek authority to reduce the national schedules on raw food staples so as to place the same within the reach of our laboring population, and also the power to increase tariff rates on products similar to those of our soil not produced in continental United States when such products of ours are unprotected by the national tariff. We want the jurisdiction of the Federal court restricted in civil matters to suits in which the construction of the Federal Consitution or of the constitution of Porto Rico is in question, and also that Federal jurisdiction be vested, as in the case of the Territories, in the Supreme Court of Porto Rico, which is wholly appointed by the President with the consent of the United States Senate. This would absolutely guarantee the sovereign powers of the Nation.

We ask that as in the case of the Philippine Islands, and since we have no participation in their enactment, laws enacted by Congress shall not apply to Porto Rico unless adopted by the Porto Rican Legislature. We suggest that internal revenue on imported articles be collected by the proper customhouse and postal officials under the direction of the Porto Rican treasurer. As the interstate commerce laws are not in force in Porto Rico, we ask the right to legislate on commerce and to deal freely and justly with the problems of absenteeism and land holdings. We wish also to enact our own bankruptcy law, now superseded by the Federal act, and to have jurisdiction granted to our courts in this matter, in order to protect our commerce against the prohibitive expenses of proceedings of this kind in the Federal court.

We adopted prohibition by a referendum of our people and regulated this matter by act of our legislature. We are entitled, therefore, to have local enforcement of the constitutional prohibition clause intrusted to us. We object to the absolute veto power of the governor, even if he were elective. We believe in the American principle of vesting power to override the veto in two-thirds of the membership of both houses. We further object to the extraordinary power vested in the governor to eliminate items from the general appropriation bill and to reduce items of expenditure without submitting his objections to the legislature, and we want power vested in the legislature to neutralize the governor's veto by a two-thirds vote of the assembly. We also object to the present system of placing purely legislative matters in the hands of the commissioner of education and the auditor. We object to the 5 per cent limitation on the borrowing capacity of municipalities, because that limit had already been reached by a large number of the local governments when the restriction was enacted by Congress. We want a cabinet wholly appointed by the governor with the consent of the Senate. It is our desire that all the justices of the supreme court be natives of Porto Rico, and also that writs of error to review decisions of the Supreme Court of Porto Rico issue out of the Supreme Court of the United States and not out of the United States Circuit Court of Appeals for the First Circuit, as at present, and only in such cases as where writs are issued to review decisions of the supreme courts of the States. We claim the power to regulate the manner of selecting the members of the judiciary, and also to organize the public service commission. We ask that the House of Representatives be empowered to impeach all officers of Porto Rico subject to impeachment in accordance with the spirit of the Federal Constitution, without excluding the governor, such officers to be tried by the senate, presided over by the chief justice of the supreme court. And last, but not of least importance, we ask that after our constitution shall have been approved by Congress no amendment shall be made thereto except with the consent of the people of Porto Rico. We are well aware that our constitution, since it would not be a State constitution in a strict constitutional sense, because it would not be a compact between the Union and Porto Rico, could be amended by Congress, whose authority could not be restricted in any way by such constitution; but we trust in the uprightness and justice of Congress, and we know that a provision inserted in our constitution providing that it shall not be amended without the assent of the people of Porto Rico would be considered by Congress as if the same were inserted in the Federal Constitution itself. This is a moral guaranty of such high character that our people would not hesitate to accept it. For this very reason we would submit to the supervisory power of Congress over the laws enacted by our legislature.

Porto Rico would have almost all the rights and privileges enjoyed by the States—except national representation—besides certain addi-

tional local powers justified by our peculiar situation. We would be associated with, though not incorporated into the Union. In this way both peoples would be joined by a common flag, a common sovereignty, and a common citizenship. We would be bound to each other by ties of mutual interests, aspirations, and affection, and Porto Rico would be in a position to constitute the spiritual isthmus between the Americas—the foundation for a bridge of ideals between the two continents, the two races, and the two civilizations of the Western Hemisphere. This is our answer to the question raised by the Chief Magistrate of the Nation.

THE GRANT OF GREATER AUTONOMY AND THE MARKET

"In what way, by a greater grant of autonomy, could Porto Rico so look after the market for its products or the market for its bonds, or in what way could it improve the economic position of its government or its people?" (The President.)

Political autonomy is not incompatible with economic independence. We would look to the United States for markets and protection, because we would be an associated free unit of the American Commonwealth under a constitution based on mutuality of interests, reciprocity of service, perfect understanding, bonds of gratitude, political ties, common citizenship and institutions, solidarity of purpose, and unity of ideals.

THE GOOD NAME OF THE UNITED STATES

We respect the feeling expressed that "the United States is entitled to a good name in its dealings with Porto Rico and to protect itself from every reflection on its good name."

We say with all candor that the good name and the honor of the Nation is as dear to our Porto Rican hearts as it may possibly be to any citizen born on the continent. We proved the foregoing assertion by deeds when we offered to the Nation, without compulsion, the flower of our youth to be sent to Europe to fight and die for the good name and the honor of the United States; when we oversubscribed our share in the several Liberty and Victory bond issues and covered all our quotas in the several war activities; when our finances suffered the effects of the armed conflict and we endured the privations imposed on our people by the detriment caused to our commerce and the sinking of vessels sailing from our ports, with the resulting loss of life and property.

Witness of our contribution during the war is found in the following tribute by Dr. Albert Shaw:

"About a month after this measure of 1917, known as the Jones Act, had given the people of Porto Rico their present full rights of American citizenship, our Government declared war against Germany. Through their representatives these new citizens did not hesitate to express their loyalty and to accept the responsibilities of the war period. The draft act was cheerfully supported, and in a short time more than 15,000 young Porto Ricans were in Army camps. When the war was over, about 25,000 Porto Ricans had been in uniform, largely under Porto Rican officers; and their training had excellent results in physical and mental development. Just now—April, 1921—we are told that the National Guard of Porto Rico stands at the head of the entire list of States and Territories in filling quotas assigned by the War Department." (The American Review of Reviews, May, 1921, pp. 483-84.)

There has been a natural hesitation to recall and dwell upon our share in the war; but Porto Rico is also entitled to a good name in its dealings with the United States.

By granting the island a republican form of government under the jurisdiction of the United States, Congress and the President would show to the world as well as to Porto Rico that "There is no disposition in America and certainly not on my part," as the President says, "to discourage any reasonable aspiration of the people of Porto Rico."

In the following statement, we agree with the President:

"The island has so improved and its people have so progressed in the last generation as to justify high hopes for the future, but it certainly is not unreasonable to ask that those who speak for Porto Rico limit their petitions to those things which may be granted without a denial of such hope."

In view of this advice, we restrict our political ambitions to limits that are both reasonable and just. Under the scheme of government suggested, the following closing paragraph of the President's letter would be fully justified:

"Nor is it unreasonable to suggest that the people of Porto Rico, who are a part of the people of the United States, will progress with the people of the United States rather than isolated from the source from which they have received practically their only hope of progress."

And said paragraph would be justified because it is not our desire to be isolated from the United States. On the contrary, we look for association with them. But association implies equality, coordination—not subordination. Equality and a perfect association would be feasible by means of the form of government suggested, leaving it to future progress to determine the shaping of the final form of association between the United States and Porto Rico.

Our hope and aspiration is that closer and closer relations will be established between the two countries, based on good will, mutual interest, and perfect understanding.

In closing, and as an inspiration for both the American and the Porto Rican people, allow us to repeat the imperishable words of Abraham Lincoln that so precisely and appropriately summarize the spirit of American institutions and ideals:

"With malice toward none, with charity for all, with firmness in the right as God gives us to see the right, let us strive on to finish the work we are in."

Fraternally yours,

(Signed) ANTONIO R. BARCELÓ,
President of the Senate.
(Signed) JOSÉ TOUS SOTO,
Speaker of the House of Representatives.

EXHIBIT I

ART. 2. Each island shall be governed by an insular parliament, consisting of two chambers, and by the governor general, representing the mother country, who shall exercise supreme authority.

ART. 3. The legislative power as to colonial matters in the shape and manner prescribed by law shall be vested in the insular chambers conjointly with the governor general.

ART. 5. The council shall be composed of 35 members, of whom 18 shall be elected in the manner directed by the electoral law and 17 shall be appointed by the governor general acting for the Crown from among such persons as have the qualifications specified in the following articles:

ART. 6. To be entitled to sit in the council of administration it is necessary to be a Spanish subject, to have attained the age of 35 years, to have been born in the island, or to have had four years' constant residence therein.

ART. 13. Representatives shall be elected every five years, and any representative may be reelected any number of times.

ART. 15. The chambers will meet every year. The King, the governor general acting in his name, shall convene, suspend, and adjourn the sessions and dissolve the chamber of representatives and the council of administration, either separately or simultaneously, under the obligation to call them together again or renew them within three months.

ART. 17. Each chamber shall choose its president, vice president, and secretaries.

ART. 18. Neither chamber shall sit unless the other be sitting also, except when the council exercises judicial functions.

ART. 21. All colonial statutes in regard to taxes and the public credit shall originate in the chamber of representatives.

ART. 26. No councilor of administration shall be indicted or arrested without a previous resolution of the council, unless he shall be found in fraganti or the council shall not be in session, but in every case notice shall be given to that body as soon as possible that it may determine what should be done.

ART. 29. Besides the power of enacting laws for the colony the insular chambers shall have power—

1. To receive the oath of the governor general to preserve the constitution and the laws which guarantee the autonomy of the colony.

2. To enforce the responsibility of the secretaries of the executive, who shall be tried by the council whenever impeached by the chamber of representatives.

ART. 32. The insular chambers shall have power to pass upon all matters not specially and expressly reserved to the Cortes of the Kingdom or to the central government as herein provided or as may be provided hereafter, in accordance with the prescription set forth in additional article 2.

In this manner, and without implying that the following enumeration presupposes any limitation of the power to legislate on other subjects, they shall have power to legislate on all matters and subjects concerning the departments of justice, interior, treasury, public works, education, and agriculture.

They shall likewise have exclusive cognizance of all matters of a purely local nature which may principally affect the colonial territory; and to this end they shall have power to legislate on civil administration, on provincial, municipal, or judicial apportionment, on public health, by land or sea, and on public credit, banks, and the monetary system.

ART. 33. It shall be incumbent upon the colonial parliament to make regulations under such national laws as may be passed by the Cortes and expressly intrusted to it. Especially among such measures parliament shall legislate, and may do so at the first sitting, for the purpose of regulating the elections, the taking of the electoral census, qualifying electors, and exercising the right of suffrage; but in no event shall these dispositions affect the rights of the citizens as established by the electoral laws.

ART. 34. The governor general in council shall have, as far as the island of Cuba is concerned, the same power that has been vested heretofore in the minister for the colonies for the appointment of the functionaries and subordinate and auxiliary officers of the judicial order and as to the other matters connected with the administration of justice.

(The foregoing article also applied to Porto Rico, according to the provision of additional article 3, which reads: "The provisions of the present decree shall obtain in their entirety in the island of Porto Rico.")

ART. 35. The insular parliament shall have exclusive power to frame the local budget of expenditures and revenues, including the revenue corresponding to the island as her quota of the national budget.

ART. 37. All treaties of commerce affecting the islands of Cuba and Porto Rico, be they suggested by the insular or by the home governmene, shall be made by the latter, with the cooperation of special delegates duly authorized by the colonial government, whose concurrence shall be acknowledged upon submitting the treaties to the Cortes.

Said treaties, when approved by the Cortes, shall be proclaimed as laws of the kingdom and as such shall obtain in the colony.

ART. 38. Notice shall be given to the insular government of any commercial treaties made without its participation as soon as said treaties shall become laws, to the end that, within a period of three months, it may declare its acceptance of nonacceptance of their stipulations. In case of acceptance the governor general shall cause the treaty to be published in the Gazette as a colonial statute.

ART. 39. The insular parliament shall also have power to frame the tariff and fix the duties to be paid on merchandise as well for its importation into the territory of the island as for the exportation thereof.

ART. 40. As a transition from the old régime to the new constitution, and until the home and insular governments may otherwise conjointly determine hereafter, the commercial relations between the island and the metropolis shall be governed by the following rules:

No. 1. No differential duty, whether fiscal or otherwise, either on imports or exports, shall be imposed to the detriment of either insular or peninsular production.

No. 2. The two governments shall make a schedule of articles of direct national origin to which shall be allowed by common consent preferential duty over similar foreign products.

In another schedule made in like manner shall be determined such articles of direct insular production as shall be entitled to privileged treatment on their importation into the peninsula and the amount of preferential duties thereon.

ART. 44. No executive order of the governor general, acting as representative and chief of the colony, shall take effect unless countersigned by a secretary of the cabinet, who by this act alone shall make himself responsible for the same.

ART. 46. The secretaries of the cabinet may be members of either the chamber of representatives or the council of administration and take part in the debates of either chamber, but a secretary shall only vote in the chamber of which he is a member.

ART. 47. The secretaries of the cabinet shall be responsible to the insular parliament.

ART. 67. Should any question of jurisdiction be raised between the insular parliament and the governor general in his capacity as representative of the home government, which shall not have been submitted to the council of ministers of the kingdom by petition of the insular parliament, either party shall have power to bring the matter before the supreme court of the kingdom, which shall render its decision by a full bench and in the first instance.

ADDITIONAL ARTICLES

ART. 2. When the present constitution shall be once approved by the cortes of the kingdom for the islands of Cuba and Porto Rico it shall not be amended, except by virtue of a special law and upon the petition of the council of administration.

TRANSITORY PROVISIONS

ARTICLE 1. With the view of carrying out the transition from the present régime to the system hereby established with the greatest possible dispatch and the least interruption of the public business, the governor general shall, whenever he deems it timely and after consulting the home government, appoint the secretaries of the executive office as per article 45 of this decree, and with their aid he shall conduct the local government of the island until the insular chambers shall have been constituted. The secretaries thus appointed shall vacate their offices as soon as the governor general shall take his oath of office before the insular chambers, and the governor general shall immediately appoint as their successors the members of parliament who, in his judgment, most fully represent the majorities in the chamber of representatives and the council of administration."

EXHIBIT II

Attention was called in my last report to the opposition being made to the collection of the taxes in Porto Rico, principally by the large taxpayers. Changes were made in the laws removing objectional features, and it was hoped that the revenues collected would be sufficient to meet the requirements of the government. But that hope was not realized, and the same condition existed down to the beginning of the present fiscal year. The estimate of the amount of income tax for the year ending June 30, 1925, was $3,000,000. The amount collected was $1,450,000. The estimate of internal revenue was $4,000,000. The amount collected was $3,281,000. The deficiency on those two items alone amounted to $2,270,000. The revenue collected on other items exceeded the estimate, but not enough to overcome this loss.

The opposition took the form of litigation contesting the validity of the taxes levied and a great many injunctions were issued by the courts, especially by the United States district court. As a result, a large part of the revenue was tied up in the courts, although every effort was made to collect the delinquent taxes and to bring the cases to trial.

Because of this condition it became necessary for the legislature to arrange for the levying and collection of additional taxes to make up the deficiency until the cases pending could be decided, and to provide means to satisfy the debt created by the default in payment of the taxes levied. This was done by the legislature at its last session, which convened in February. The new laws were not recommended by Professor Haig, and are not to be considered as part of the permanent tax and revenue system of the island.

The passage of these laws materially increasing the revenue, together with the reduction of the budget, it is confidently expected will enable the treasury to meet all current demands and acquire a surplus to assist in liquidating the floating debt. The new laws are not to be regarded as finalities. They are in a sense experimental and were enacted primarily to meet an emergency.

The amount of these taxes due and delinquent, and which are not at present collected because of litigation, injunctions, and protests is, without interest and penalties, $5,610,747. If these taxes had been paid when due, there would have been no floating debt, and when collected they alone will be sufficient to wipe it out.

EXHIBIT III

What if these people were merely innocent victims of a disease, modern only in name? What if the brand placed by the Spaniard, the Englishman, and the Frenchman in olden times upon the jibaro of Porto Rico were a bitter injustice? The early reports savor strongly of those touristic impressions of the island which from time to time crop out in the press of modern America, in which "laziness and worthlessness" of the "natives" are to be inferred, if, indeed, these very words are not employed to describe a sick workingman, with only half of the blood he should have in his body.

We can not believe that vicious idleness comes natural to the Spanish colonist, even in the Tropics, for the very reason that we have seen these descendants at their very worst, after the neglect of four centuries by their mother country, and after the laborious increase of an anemic population in the face of a deadly disease, whose nature was neither known nor studied, work from sunrise to sunset and seek medical attention, not because they felt sick but "because they could no longer work."

Thus the poor laborer, his earning capacity cut down by his disease, with employment which is at best very irregular, with his sick wife and children for whom he has to buy "iron tonics" that cost all that he can rake and scrape together, without money for clothes, much less for shoes, with a palm-bark hut not too well protected against the damp, cold of the grove in which he lives, with not a scrap of furniture save, perhaps, a hammock, and, worst of all, with a miserable diet lacking in proteids and fats, lives from day to day, saving nothing, knowing nothing of the world beyond his plantation, working mechanically simply because he is not the drone he has been too frequently painted outside of Porto Rico, but without any object save to keep on living as generations have done before him. It has been our experience that when he is asked, "Why have you sought our dispensary?" the answer has almost invariably been, "Because I can no longer work." The jibaro, nevertheless, has ever been the lever which has raised the bank account of Porto Rico, and with an average of 40 per cent of hemoglobin and two and a half millions of red corpuscles per cubic millimeter he has labored from sun to sun in the coffee plantations of the mountains, in the sugar estates of the coast land, and in the tobacco fields of the foothills, in addition to his personal cooperation in other industries and commercial enterprises. He is a sick man and deserves our highest respect, and merits our most careful attention as a vital element in the economic life of the island. The American people should take seriously into account his future, which is at present anything but promising. (Pages 17–18.)

EXHIBIT IV

It has been estimated that the wealth of the island is in the hands of about 15 per cent of the population, and that the remaining 85 per cent are practically dependent upon uncertain labor and wage conditions for their maintenance.

The economic situation in Porto Rico is giving rise to the formation of classes based on wealth. With the introduction of available markets and modern methods of commerce and industry which followed the American occupation, the land values rapidly increased. The small landholder, seeing the increase in price which came about and believing that it was to his best advantage to sell his land, disposed of it to the representatives of large landholding concerns for what, to him, was a fabulous price. As soon as the money from this sale was expended, the original landholder found himself absolutely dependent upon the mercy of a wage-paying employer. In this way a great part of small landholdings passed into the hands of representatives of large landholdings and caused the formation of two groups, the capitalistic group, which is limited to a comparatively small number of people, and the wage-earning group, which comprises probably 90 per cent of the population of Porto Rico. As a result we lack in Porto Rico the great middle class of financially independent farmers which constitutes the strength of the United States and the more prosperous European countries. A serious and systematic effort to build up a prosperous and independent middle class, either by encouraging small-farm or other industries, is necessary if the majority of the people are to attain the advantages which they should enjoy, and if the social and economic status of the island is to be made equitable and stable.

EXHIBIT V

There is no doubt but that many of the consensual marriages are considered by the parties concerned just as permanent as those performed by civil or ecclesiastical authorities, and the question of immorality does not enter into their view of the situation. It is a question of mutual consent, and especially in the country districts, the knowledge of the law in regard to these matters is very vague.

The average family lives very happily and contentedly, the parents displaying great affection for the children and for relatives even of a remote degree of relationship. In the case of the death of parents, relatives usually adopt or take charge of the children which may be left and bring them up as carefully as they would children of their own. The family group is naturally closer among Latin peoples than among Anglo-Saxon races, and this has tended to do away with some of the vices of family life which are found among Anglo-Saxon peoples, while the same circumstances have tended to increase other unsatisfactory conditions of family life peculiar to Latin races.

EXHIBIT VI

NEW MEXICO WHEN ADMITTED TO STATEHOOD

Area—square miles	122,510
Population according to census—people	193,310
Population claimed by the people of the Territory—do	300,000
Population of school age—do	70,000
Illiteracy according to 1900 census (per cent of the population)	40
Assessed valuation of the property in the Territory (1900)	$38,227,878
Estimate by the New Mexico Delegate of the property to be subjected to taxation when admitted to statehood	$283,000,000

OKLAHOMA WHEN ADMITTED TO STATEHOOD

Area—square miles	38,000
Acres of land open to settlement (Apr. 22, 1889)—acres	3,000,000
Indian reservations—do	2,000,000
Land purchased from Indian tribes—do	4,000,000
Population according to census	398,331
Population of school age	147,656
Assessed valuation of property (1901)	$60,414,696
Annual expenditures for schools	$1,000,000
School receipts derived from rent of lands granted by Congress	$1,000,000

ARIZONA WHEN ADMITTED TO STATEHOOD

Area—square miles	113,956
Population claimed by the Delegate of the Territory	160,000
Population according to census	130,000
Population of school age (1902)	25,000
School expenditures (1902)	$401,235
School receipts (1902)	$530,648
Assessed valuation of property as estimated by New Mexico Delegate	$250,000,000

HAWAII

Area—square miles	6,449
Population	328,444
Acres of land devoted to farms	2,702,245
Public lands—acres	1,548,149
Children in public schools	48,730
Taxes collected (1925–26)	$12,915,873
Assessed value of property (1926)	$392,782,143

PORTO RICO

Area—square miles	3,435
Population (1925)	1,398,796
Density of population—to square mile	407.22
Assessment of property	$338,089,889
Total enrollment in public schools (1926–27)	213,321
Expended in schools (1926–27)	$5,928,000
Per capita expenditure	$21.86

EXHIBIT VII

The food of the jibaro is poor in fats and the proteids are of difficult assimilation, being of vegetable origin, as a rule.

He arises at dawn and takes a coconut dipperful of café puya (coffee without sugar). Naturally, he never uses milk. With this black coffee he works till about 12 o'clock, when his wife brings him his breakfast, corresponding to our lunch. This is composed of boiled salt codfish, with oil, and has one of the following vegetables of the island to furnish the carbohydrate element: Banana, plantain, yam, sweet potato, or yautia.

At 3 in the afternoon he takes another dipperful of coffee, as he began the day. At dusk he returns to his house and has one single dish, a sort of stew, made of the current vegetables of the island, with rice and codfish. At rare intervals he treats himself to pork, of which he is inordinately fond, and on still rarer occasions he visits the town and eats quantities of bread, without butter, of course.

Of all this list of country food there are only three elements that are bought—rice, codfish, and condiments. Rice is imported from the United States and codfish from Nova Scotia. The bread he eats on his visits to town is made of American flour.

On page 44 of the same book we find:

"That the Porto Rican laborer is of cheerful disposition is especially true of the so-called jibaro. He greets you with a smile, he welcomes you to his house and cheerfully divides his cup of coffee with you, he dances with a show of gayety on a Sunday afternoon. He is ever cheerful, but not happy. There may be some customs and prejudices of minor importance that he is loath to change, but in the main he prefers to live as he does because he is obliged so to live. Those who adhere to the laissez faire policy and believe that conditions are good enough as they are, do not know the real heart of these people. They need and deserve and must ultimately receive the opportunity to improve their living and working conditions."

APPENDIX

FULL TEXT OF THE CABLEGRAMS ADDRESSED BY MESSRS. BARCELÓ AND TOUS SOTO TO PRESIDENT COOLIDGE AND TO THE SIXTH PAN AMERICAN CONFERENCE

To His Excellency ORESTES FERRARA,
President of the Sixth Pan American Conference,
Habana, Cuba:

Devoid of representation to raise our voice at that Pan American Congress, and with legitimate right to do so, being, as we are, equal to the Spanish Republics represented there, a people also Spanish of equal ethnical origin, of the same traditions, the same language, and the same ideals, we beg you to give your indorsement to the following cablegram that we have just addressed to the President of the United States of America, Hon. Calvin Coolidge:

To His Excellency the President, Hon. CALVIN COOLIDGE,
Washington, D. C.:

We congratulate your excellency for speech before Sixth Pan American Conference at Habana, transcending a great spirit of fraternity and friendship toward all the countries of America which are now sharing with your great Nation, before history, the mighty responsibilities of a wise, democratic, and humane policy, whereby all selfishness, so dangerous to the peace and happiness of the world, is cast aside and whereby justice and self-determination for all is bravely proclaimed; and we beseech that you make effective in your recommendations to Congress, now assembled, the wonderful language of that brave speech, so worthy of a great American.

Porto Rico feels humiliated because of the inferior condition she is subjected to in spite of the hopes the treaty of Paris awoke in us; in spite of the unfulfilled promises made to our people, and in spite of the repeated legitimate demands in favor of a régime that may enable our island to exercise her own sovereignty over her own internal affairs and to freely solve the grave economical situation she is undergoing.

Ours is the only Spanish-American country whose voice has not been heard at Habana during the Pan American conference, for it was not represented there, and we are now cabling to Habana asking our sister nations of America, now meeting there, to join us in making this petition to your excellency.

If the United States, because precedent forbids it, or because of different ethnological conditions, or because of our geographical separation from the North American Continent, or because of the incompatibility of interests between both peoples, can not make of our island but a mere subjected colony, then we ask to be allowed to be constituted as a free State, concerting thus with your great Republic such good and fraternal relations as may be necessary for the mutual welfare of the United States and Porto Rico and to the dignity of our citizens.

Justice and nothing but justice is what we ask as citizens of America, as faithful Christians, and as children of the Almighty God that gave us the same inalienable rights your great Republic knew how to invoke when declaring for independence at the memorable convention at Philadelphia.

ANTONIO R. BARCELÓ,
President of the Senate of Porto Rico.
JOSÉ TOUS SOTO,
Speaker of the House of Representatives of Porto Rico.

SAN JUAN, P. R., *January 22, 1928.*

ORESTES FERRARA, ANTONIO SÁNCHEZ BUSTAMANTE,
AND CHARLES E. HUGHES,
Sixth Pan American Conference, Habana, Cuba:

In our cablegram to President Coolidge we did not speak of international independence as mistakenly said by Associated Press and United Press, but of internal sovereignty. We do not ask the conference to intervene in domestic affairs of the American Union, but to express its solidarity and sympathy with aspirations of Porto Rico to full political and financial self-government in harmony with President Coolidge's opening speech. We appeal to your acknowledged spirit of justice and intrust you with the defense of our just cause, and suggest that Porto Rico be chosen for the meeting of the next conference, since it is the spiritual bond uniting the two Americas because of its geographic position and the political, juridic, and financial ties binding it to the United States and our historical, ethnical, linguistic, and cultural nexus with Spanish America.

ANTONIO R. BARCELÓ.
JOSÉ TOUS SOTO.

THE WORDS OF THE PRESIDENT OF THE SENATE TO COL. CHARLES A. LINDBERGH ON DELIVERING TO HIM THE CONCURRENT RESOLUTION ADOPTED BY THE LEGISLATURE OF PORTO RICO

Colonel Lindbergh, yesterday you were present at the spectacle of a people who received with signal and expressive demonstrations of affection the intrepid and valiant explorer of the air who carries his message of love and peace to all the people of America.

The attitude of this people, in receiving you with cheers and applause, signifies something more than the rendering to you of merited homage; it signifies its eagerness to seize upon everything which may signify a hope, a means by which it may make itself felt by those in whose hands destiny placed our fate.

And it is for that that the Legislature of Porto Rico, a true representative of this people, meets to-day to adopt the resolution which I am about to read to you:

"Concurrent resolution to render homage to Col. Charles A. Lindbergh

"Be it resolved by the Senate of Porto Rico (the House of Representatives concurring):

"1. To take to its heart as a guest of honor and to give its most cordial welcome to Col. Charles A. Lindbergh, triumphant and glorious, after his having visited various peoples of Central and South America as the ambassador and messenger of peace and fraternity of the United States of America.

"2. That Col. Charles A. Lindbergh be, and hereby is, declared an illustrious citizen of Porto Rico.

"3. That a gold medal be, and hereby is, awarded to Col. Charles A. Lindbergh, with which the presiding officer will decorate him at this session. This medal is in commemoration of his visit to this island, and is engraved as follows:

"Obverse. The historical and official coat of arms of Porto Rico.

"Reverse. The following words:

"'The Legislative Assembly of Porto Rico to the glorious aviator, C. A. Lindbergh, in memory of his visit to this island.'

"4. To make him the bearer of a message, which will be delivered to him at a joint session of the legislature, from the people of Porto Rico to the people of the United States.

"5. To direct that a certified caligraphic copy of this resolution be delivered to Col. Charles A. Lindbergh."

In compliance with this resolution, a copy of which I hand you, I shall pin on your dress the commemorative medal to which the same refers, and I hand you also copy of the message mentioned therein, which the speaker of our house of representatives will read to you.

Receive all this, then, in the name of the people of Porto Rico, and tell the United States that here are a people jealous of their origin and history, inflexibly defending their personality, and indeclinably defending their liberty and their rights, and maintaining the high principles and the free and democratic institutions which made your glorious Nation great.

May God keep you, Colonel Lindbergh! May the gentle breezes of my country, when you leave it, carry to you the sentiments of our Porto Rican soul and of its noble and legitimate aspirations.

Concurrent resolution to confer upon Col. Charles A. Lindbergh the representation of the people of Porto Rico as bearer of a message to the people of the United States.

Be it resolved by the House of Representatives (the Senate of Porto Rico concurring):

To confer upon Charles A. Lindbergh the representation of the people of Porto Rico as bearer of the following:

"MESSAGE FROM THE PEOPLE OF PORTO RICO TO THE PEOPLE OF THE UNITED STATES, INTRUSTED TO COL. CHARLES A. LINDBERGH

"Colonel Lindbergh, Porto Rico welcomes you. Our first governor, Juan Ponce de Leon, one of the glorious adventurers that accompanied Christopher Columbus on his second voyage, sailed from our shores in quest of the fountain of youth and discovered Florida. Ponce de Leon was the conqueror of our fair island by the force of arms. You will return to your native country from Borinquen along the same route as our counqueror, and, like him, you have conquered Porto Rico by the force of the prestige of your name, by the glory irradiating from the mighty adventure that you, as the knight-errant, conqueror of space, have accomplished.

"Columbus brought to this hemisphere the message of the Old World; a message of civilization and progress. He came to us with the cross and the sword. You have now answered that message in the name of the Americas, both the Saxon and the Latin, because you have truly been the messenger of progress and good will of this whole continent, where you are acclaimed as the son of the great Columbia that expands her brotherhood of free Commonwealths from the frozen sea to the strait discovered by Magellan. You flew to the ancient world with the cross of your faith and the sword of your courage.

"We believe with the great poet Rostand, the younger, that you were led along your aerial path from America to France by the souls of the American youth to the shores of the land where they fought and died for the honor of their country and for the freedom of France and of the world.

"They drew the *Spirit of St. Louis* by a sort of magnetic force, because you were one of them, because your adventure was sanctified by the same spirit of self-sacrifice, of self-denial, of self-reliance that inspired the sacrifice of their lives for a great and worthy cause. They steered your course; they steadied your hands and nerves; they kept up your alertness and courage; they were your magnetic needle and your polar star; they dispelled the ghost of fear that hovered around your ship; and they fought your way through the four apocalyptic horsemen that surrounded the *Spirit of St. Louis,* banishing from it the terrors of hunger, sleep, darkness, and death; and they drove your plane, as a dove of peace and love sent from a biblical ark, to the landing place of Le Bourget; but your path was marked by the luminous trail formed by the sighs and tears and sorrow and despair of the mothers, sisters, daughters, and wives of the gallant American soldiers who fell in the Great War.

"The very spirit of St. Louis that prompted the Christian King of France to sail with his army of crusaders to the burning and inhospitable African soil to conquer the Holy City, where the Saviour had his resting place, to meet discomforts and sufferings that he shared with the humblest of his soldiers, to finally face pestilence and death in a deadly, strange land for the sake of his faith and his kingdom was the inspiration that led you to attempt the daring venture.

"Welcome to this country, the last foothold of the glorious nation whose spirit, personified in the noble generosity of Isabella and in the faith and wisdom of Columbus, discovered this continent, where blood that is ours was shed for the cause of Christianity and civilization in America, in our Latin America, and in your Saxon America, where the names of De Soto, Ponce de Leon, and Coronado are linked forever to her history.

"Welcome to our island, Colonel Lindbergh; welcome to the only place under the shadow of Old Glory where the discoverer ever set foot. Welcome, worthy son of the American eagle. Welcome, Lone Eaglet. The good wishes of Porto Rico will go with you to the land of the brave and the free; and to your country and to your people you will convey the message of Porto Rico, not far different from the cry of Patrick Henry, 'Liberty or death.' It is the same in substance, but with the difference imposed by the change of times and conditions. The message of Porto Rico to your people is: 'Grant us the freedom that you enjoy, for which you struggled, which you worship, which we deserve, and you have promised us.' We ask the right to a place in the sun—this land of ours, brightened by the stars of your glorious flag."

Concurrent resolution to consider the letter of President Calvin Coolidge; to request the Congress of the United States of America to appoint a congressional committee to investigate the political, economic, and social conditions of Porto Rico; and to ask for an extension of the term of the present session of the legislature

Be it resolved by the House of Representatives of Porto Rico (the Senate of Porto Rico concurring), To address the following cablegram to the President and to the Congress of the United States, through the Hon. FÉLIX CÓRDOVA DÁVILA, Resident Commissioner of Porto Rico in Washington:

"In view of the letter addressed by President Calvin Coolidge, through the Governor of Porto Rico, Hon. Horace M. Towner, to the presiding officers of the two houses of the legislature, Antonio R. Barceló and José Tous Soto, the Senate and the House of Representatives of Porto Rico resolve to intrust the two latter, exclusively, with such reply to said letter as it is proper and necessary to make, and to request the Congress of the United States to appoint a congressional committee to investigate the political, economic, and social conditions of Porto Rico, said committee to hold public hearings where it shall hear such citizens as request to be heard and who offer to present such data and documents as may be necessary to clarify the facts and to do the justice which is due to Porto Rico; be it further

"Resolved, To request Congress to extend the term established by law for the adjournment of the present legislative session for such time as

may be necessary to receive the committee and to aid it in the fulfillment of its mission."

Mr. MURPHY. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. HAWLEY, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 12875) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1929, and for other purposes, and had come to no resolution thereon.

REFLECTIONS ON PENDING LEGISLATION

Mr. O'CONNOR of Louisiana. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on pending legislation and include therein a letter I have received from the chairman of the Louisiana Public Service Commission.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. O'CONNOR of Louisiana. Mr. Speaker, gentlemen of the House, there are many theories of government and of life that apparently have to be discussed, considered, and sometimes fought over and then considered again before they become settled policies, which are not disputed by any large number of people in any generation after these policies have been adopted and settled. It is on the anvil of discussion that the spark of truth will fly, but frequently it happens that the spark takes a long time to fly. "Truth crushed to earth will rise again." There are many principles of life expressed by words, slogans, and aphorisms that seem to be possessed of a near immortality.

Political liberty and freedom have been sought after, sacrificed, and fought for during all of the ages, and yet Byron was almost correct I think when he said, "So let them ease their hearts with prate or equal rights which man never knows; I have a love for freedom too."

Some doctrines or principles of government, when bludgeoned or conquered by overwhelming force and apparently stamped out, suddenly spring into a renewed existence and, phœnixlike, rise from the ashes of the past and, according to the fabulous story, into greater strength. Local self-government, State rights, the right to live one's life in accordance with one's own standards provided those standards are not mala in se, rights that are hoary with age, venerable with antiquity, consecrated by the sacrifices made for their maintenance, and hallowed by the immemorable reverence given to them generation after generation and age after age, like Banquo's ghost, will not down at the bidding of even a majority who may count their numbers in millions. State rights apparently immolated at Appomatox are reasserting themselves with a persistency which is evidence of their powerful appeal to the intellect of humanity and their indestructible virtue, which no force can resist or permanently impair, and no tyranny or oppression destroy.

Sometimes it is necessary, I suppose, for a republic to move so expeditiously that its haste makes for waste. It is regrettable that we can not or do not always follow the Latin maxim "Festina lente," "make haste slowly." If we did not run too fast, if we did not operate the Government too rapidly, there would be many things done in a more orderly and sagacious manner, which would build up step after step more efficiently and economically than is secured in measures which have to be amended in a way that undoes them and makes for backtracking. It is lost motion. But I suppose it is a part of the way that we of America have the habit of doing things. That thought, while consoling, in a way is not so reassuring for the future welfare of our country.

There is, of course, a school of politicians in every country who are convinced that the proper policy to pursue in furthering the interest of a State and in promoting the happiness of its people is laissez faire, which may be literally translated into an attitude expressed so well years ago by the "stand-pat" slogan of the Republican Party, and which is in course of reaffirmation to-day by and through the political maxims "Go slow," "Don't disturb business," "Let well enough alone." That policy is probably a good one to follow when it is pursued consistently, continuously, without break or interruption, but its efficacy and virtue may be questioned when it is followed intermittently and thoughtlessly. By way of illustration, if that policy had appealed when the Department of Agriculture was brought into existence, that expensive institution would never have been created. For it is an immense institution, not from the standpoint of a large and varied force that it has to employ here and in the field throughout the country, but from the angle of the tremendous power it exerts upon the farms of the country and their products, even to a certain extent after they have passed out of the hands of the producer. There are many people who believe that the Department of Agriculture has not come as "good tidings of a great joy," but rather as a message of grief to the agriculturists of the country, for it has undoubtedly stimulated production to such an extent as to make for a glut on the market of farm products, and thereby has led to that depression in price which has made the life of the average farmer a burden rather than a grand, sweet song. Then there is the Interstate Commerce Commission, which was created in the face of a most violent opposition from the railroads of the country. Feared and hated at its birth by the magnates, it has grown up into such a magnificent state that it is questionable whether or not the railroads would not use their undoubted influence throughout the country to preserve the Interstate Commerce Commission were it assailed as an asset to the public. But the law of compensation is always in operation, and the fact that there is good and evil in all things, even to the extent that there is good in evil and evil in good, is obvious to even the most callous and unobservant of our citizens who have stood on the side lines and witnessed the development of bureaus and commissions in the expanding life of the United States of America.

While the Interstate Commerce Commission of the United States has been growing daily and gathering tremendous strength and power the State commissions, the purpose of whose existence from the viewpoint of the several Commonwealths is the same as that of the Federal functionary to the entire country, have been dwindling in power and are rapidly reaching the vanishing point in influence as rate-making bodies. If the growth continues much longer in the direction of power and authority on the part of the Interstate Commerce Commission and the gradual diminution of authority on the part of the State commissions persists, the latter will soon become useless and will go out of existence as a result of a process of deterioration similar to that of atrophy. An effort is being made by some of the State commissions to revive the waning influence of these organizations and to combat the growing strength of the Interstate Commerce Commission. In other words local self-government and State rights and sectional freedom are beginning to reassert themselves in unmistakable terms. They are demanding a more specific definition of Federal and State rights in the matter of the making of rates by the States, which is, of course, one of the most important questions concerning the power of a State to live, endure, and function as a Commonwealth. Bills have been introduced in both the House and Senate looking to a clearer definition of jurisdiction, hearings are being held, and the subject matter being considered, perhaps not in as expeditious a manner, however, as many ardent champions of State commissions would like to see. But the irrepressible conflict is on. A revolt is slowly growing up against the rule of America from Washington. Bureaucracy is beginning to find its haughty order questioned and challenged. While not any great advance has been made in the way of overturning the established hierarchy there is a determination on the part of Congress not to create any additional agencies that may gradually grow from the infant state until they are prodigious giants, exercising the power which they have secured in a great growth, arbitrarily, oppressively, and tyrannically. And the people should beware.

The story of the monster created by Frankenstein which finally destroyed its creator should ever be uppermost in the minds of American citizens who wish to preserve whatever freedom and liberty may be enjoyed under a Government exercising political authority over a country as large as ours, as immense in its industrial and commercial power, and with the enormous population that has to live under and according to its rules. I sometimes think that the Interstate Commerce Commission should gradually lose its power and to the extent of the loss its strength should go to the State commissions, because I am quite convinced that if the Interstate Commerce Commission continues to absorb and claim power and to have it conferred upon itself that it will divide this country into as many sections as there are commissions. The fact that the commissioners are selected from different sections of the country is an admission that section demands for representation can not be resisted, and that in turn suggests that looming up on the horizon in the distance are regional differences that may make for schisms that may become a menace to the Union. Perhaps the commission should be a supervisory body, exercising jurisdiction over and determining the legal differences that might spring up between and among the State commissions. One thing is certain, we can not remain stationary; we will either go forward or backward; we will either return their original power to the State commissions or we will take that step which will obliterate them. And then what? Shall the obliteration of the State agencies only be another fierce assault upon the theory of State

rights and a long step in the way of that nationalization which inseparably associated with regional representation will breathe rivalries that will sow the seed of dissolution in the life of the great Republic? Or leaving off as I began, will local self-government, a doctrine dear to men in the twilight of history, spring into a stronger existence than ever before? Many watchmen are on the towers. One of them has written me a letter which so clearly and forcefully expresses the determination of the State rights and State commission men that I ask unanimous consent to extend and revise my remarks by making it a part of this address:

STATE OF LOUISIANA,
LOUISIANA PUBLIC SERVICE COMMISSION,
New Orleans, La., April 9, 1928.

Hon. JAMES O'CONNOR, M. C.,
House of Representatives, Washington, D. C.

DEAR JIM: If section 13 of the interstate commerce act, particularly paragraphs 3 and 4 of that section, is not repealed or modified substantially, State regulation of rates on traffic within the States will slowly but surely be annihilated.

The steady erosion of State rights in the regulation by the States of the business of railroads inside the States has proceeded much more swiftly than anyone expected, considering the well-known and time-honored tendency of "the law's delay."

Even persons and business interests directly concerned in the multiplied and multiplying cases which have served to rob the States of these rights have been most of them too busy to stop and to look and to see, with a thorough understanding, where and to what section 13 is leading the States of this Union.

Starting with cases in which only one or two or several commodities were involved, the initial success obtained has stimulated and inspired subsequent cases which take in almost the entire list of Louisiana products and on the most trifling showing of hardly more than fictitious discrimination, scales of rates have been ordered in from one end of the State to the other, even to cities and towns so distant that interstate shippers could not compete with the nearer Louisiana shippers no matter what the scale or rates might be. The net result of this blanketing of Louisiana with rates which have in practically every important instance been increases has been to increase transportation costs for everybody, including the interstate shipper whose discrimination complaint served as the possibly innocent yet efficient vehicle for such wholesale increases.

We do not believe that section 13 of the interstate commerce act can constitutionally be invoked for such blanketing rate increases as have happened in the past beyond the point where actual discrimination has been suffered by an interstate shipper. Maybe the States are willing to allow their rights to be invaded to this limited extent, but certainly they are not willing to have all of their purely intrastate rates fixed in Washington in proceedings which begin usually as complaints to remove discrimination to some few points in a State and wind up as general rate-raising engines for the entire Commonwealth.

There are several bills now pending in the United States Senate and House of Representatives having for their purpose the more specific definition of Federal and State rights in this very difficult and most important question of State rate making by the States, and we are anxious that Louisiana's representatives shall be on guard for the protection and preservation of this State's right to regulate its own intrastate affairs.

The list of bills pending is too great to include in this letter but it can be obtained by your secretary from Hon. John E. Benton, general solicitor of the National Association of State Railroad Commissioners, Otis Building, Washington, D. C.

As these Federal encroachments on State freight rates have cost Louisiana and New Orleans millions of dollars in reduced business in the past, I therefore feel it to be my duty to call your attention to the remedial legislation now pending in Congress and to ask for it your deepest study and consideration and active support.

Sincerely,

FRANCIS WILLIAMS, *Chairman.*

MINORITY VIEWS

Mr. LUCE. Mr. Speaker, I ask unanimous consent to have five legislative days in which to file minority views on H. R. 12821.

The SPEAKER. The gentleman from Massachusetts asks unanimous consent to have five legislative days in which to file minority views on H. R. 12821. Is there objection?

There was no objection.

ENROLLED BILL SIGNED

Mr. CAMPBELL, from the Committee on Enrolled Bills, reported that they had examined and found truly enrolled a bill of the following title, when the Speaker signed the same:

H. R. 10564. An act to authorize the Secretary of War to grant and convey to the county of Warren a perpetual easement for public highway purposes over and upon a portion of the Vicksburg National Military Park in the State of Mississippi.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted—

To Mr. SWEET, for one week, on account of important business.

To Mr. WAINWRIGHT, for two days, on account of urgent business.

To Mr. BANKHEAD, for to-day, on account of illness.

ADJOURNMENT

Mr. MURPHY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 35 minutes p. m.) the House adjourned until to-morrow, Friday, April 13, 1928, at 12 o'clock noon.

COMMITTEE HEARINGS

Mr. TILSON submitted the following tentative list of committee hearings scheduled for Friday, April 13, 1928, as reported to the floor leader by clerks of the several committees:

COMMITTEE ON AGRICULTURE

(10 a. m.)

For the prevention and removal of obstructions and burdens upon interstate commerce in cotton by regulating transactions on cotton-futures exchanges (H. R. 11017 and other bills relating to cotton).

COMMITTEE ON EDUCATION

(10.30 a. m.)

Designating May 1 as child-health day (H. J. Res. 184).

COMMITTEE ON PATENTS

(10 a. m.—caucus room)

Providing for the extension of the time limitations under which patents were issued in the case of persons who served in the military or naval forces of the United States during the World War (H. R. 10435).

COMMITTEE ON RIVERS AND HARBORS

(10.30 a. m.)

A meeting to hear General Deakyne discuss the various engineering reports before the committee.

COMMITTEE ON THE JUDICIARY

(10 a. m.)

To amend sections 726 and 727 of title 18, United States Code, with reference to Federal probation officers, and to add a new section thereto (H. R. 11801).

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(10 a. m.)

To regulate interstate commerce by motor vehicles operating as common carriers of persons on the public highways (H. R. 12380).

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

441. A communication from the President of the United States, transmitting supplemental estimates of appropriations under the legislative establishment, House of Representatives, for the fiscal year 1928, in the sum of $28,850 (H. Doc. No. 227); to the Committee on Appropriations and ordered to be printed.

442. A letter from the Secretary of the Navy, transmitting draft of a proposed bill to amend section 12 of the act approved May 1, 1920; to the Committee on Naval Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. REECE: Committee on Military Affairs. H. R. 7464. A bill to authorize the Secretary of War to accept conveyance of the cemetery at the New York State Camp for Veterans to the United States, and for other purposes; without amendment (Rept. No. 1228). Referred to the Committee of the Whole House on the state of the Union.

Mr. DOWELL: Committee on Roads. H. R. 383. A bill to amend the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes," approved July 11, 1916, as amended and supplemented, and for other purposes; without amendment (Rept. No. 1232). Referred to the Committee of the Whole House on the state of the Union.

Mr. RAYBURN: Committee on Interstate and Foreign Commerce. H. R. 10951. A bill authorizing the construction of a toll road or causeway across Lake Sabine at or near Port Arthur, Tex.; with amendment (Rept. No. 1236). Referred to the House Calendar.

Mr. PEERY: Committee on Interstate and Foreign Commerce. H. R. 12664. A bill granting the consent of Congress to the county court of Roane County, Tenn., to construct a bridge across the Emery River, at Suddaths Ferry, in Roane County, Tenn.; with amendment (Rept. No. 1237). Referred to the House Calendar.

Mr. ARENTZ: Committee on Indian Affairs. H. R. 11365. A bill to authorize a per capita payment to the Shoshone and Arapahoe Indians of Wyoming from funds held in trust for them by the United States; with amendment (Rept. No. 1238). Referred to the House Calendar.

Mr. KNUTSON: Committee on Indian Affairs. H. R. 12067. A bill to set aside certain lands for the Chippewa Indians in the State of Minnesota; with amendment (Rept. No. 1239). Referred to the House Calendar.

Mr. ARENTZ: Committee on Indian Affairs. S. 2084. An act for the purchase of land in the vicinity of Winnemucca, Nev., for an Indian colony, and for other purposes; without amendment (Rept. No. 1240). Referred to the Committee of the Whole House on the state of the Union.

Mr. ENGLEBRIGHT: Committee on the Public Lands. H. R. 12038. A bill to authorize the acquisition of certain patented land adjoining the Yosemite National Park boundary by exchange, and for other purposes; with amendment (Rept. No. 1241). Referred to the Committee of the Whole House on the state of the Union.

Mr. REECE: Committee on Military Affairs. H. R. 10809. A bill to provide qualifications for the superintendents of national cemeteries and national military parks; without amendment (Rept. No. 1243). Referred to the House Calendar.

Mr. HILL of Alabama: Committee on Military Affairs. H. R. 10304. A bill authorizing the Secretary of War to erect headstones over the graves of soldiers who served in the Confederate Army and to direct him to preserve in the records of the War Department the names and places of burial of all soldiers for whom such headstones shall have been erected, and for other purposes; without amendment (Rept. No. 1244). Referred to the Committee of the Whole House on the state of the Union.

Mr. VESTAL: Committee on Patents. H. R. 12695. A bill to authorize the licensing of patents owned by the United States; without amendment (Rept. No. 1245). Referred to the Committee of the Whole House on the state of the Union.

Mr. HOWARD of Nebraska: Committee on Indian Affairs. H. R. 11983. A bill to provide for issuance of perpetual easement to the department of fish and game, State of Idaho, to certain lands situated within the original boundaries of the Nez Perce Indian Reservation, State of Idaho; with amendment (Rept. No. 1246). Refefred to the Committee of the Whole House on the state of the Union.

Mr. LEAVITT: Committee on Indian Affairs. S. 1145. An act to authorize an appropriation for roads on Indian reservations; without amendment (Rept. No. 1247). Referred to the Committee of the Whole House on the state of the Union.

Mr. ENGELBRIGHT: Committee on Indian Affairs. S. 3026. An act authorizing the construction of a fence along the east boundary of the Papago Indian Reservation, Ariz.; without amendment (Rept. No. 1248). Referred to the Committee of the Whole House on the state of the Union.

Mr. CARTWRIGHT: Committee on Indian Affairs. S. 3365. An act to authorize allotments to unallotted Indians on the Shoshone or Wind River Reservation, Wyo.; with amendment (Rept. No. 1249). Referred to the Committee of the Whole House on the state of the Union.

Mr. LEAVITT: Committee on Indian Affairs. H. R. 11580. A bill to authorize the leasing or sale of land reserved for administrative purposes on the Fort Peck Indian Reservation, Mont.; without amendment (Rept. No. 1250). Referred to the House Calendar.

Mr. STALKER: Committee on Indian Affairs. H. R. 12446. A bill to approve a deed of conveyance of certain land in the Seneca Oil Spring Reservation, N. Y.; without amendment (Rept. No. 1251). Referred to the House Calendar.

Mr. ENGLEBRIGHT: Committee on Indian Affairs. S. 1662. An act to change the boundaries of the Tule River Indian Reservation, Calif.; without amendment (Rept. No. 1252). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. WRIGHT: Committee on Military Affairs. H. R. 8986. A bill for the relief of John W. Bates; without amendment (Rept. No. 1229). Referred to the Committee of the Whole House.

Mr. CHAPMAN: Committee on Military Affairs. H. R. 9071. A bill for the relief of Ed Burleson; without amendment (Rept. No. 1230). Referred to the Committee of the Whole House.

Mr. McSWAIN: Committee on Military Affairs. H. R. 9751. A bill for the relief of Robert Y. Garrison; without amendment (Rept. No. 1231). Referred to the Committee of the Whole House.

Mr. BURDICK: Committee on Naval Affairs. H. R. 9453. A bill for the relief of Tracy Lee Phillips; without amendment (Rept. No. 1233). Referred to the Committee of the Whole House.

Mr. UPDIKE: Committee on Naval Affairs. (H. R. 10751. A bill authorizing the Secretary of the Navy to make a readjustment of pay to Gunner W. H. Anthony, jr., United States Navy (retired); without amendment (Rept. No. 1234). Referred to the Committee of the Whole House.

Mr. DRANE: Committee on Naval Affairs. S. 1434. An act for the relief of Mattie Holcomb; with amendment (Rept. No. 1235). Referred to the Committee of the Whole House.

Mr. RATHBONE: Committee on Claims. H. R. 4489. A bill for the relief of J. A. Perry; without amendment (Rept. No. 1242). Referred to the Committee of the Whole House.

Mr. MORROW: Committee on Indian Affairs. S. 2306. An act for the relief of William E. Thackrey; without amendment (Rept. No. 1253). Referred to the Committee of the Whole House.

Mr. HOWARD of Oklahoma: Committee on Indian Affairs. H. J. Res. 76. A joint resolution for the relief of Leah Frank, Creek Indian, new born, roll No. 294; with amendment (Rept. No. 1254). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, the Committee on Invalid Pensions was discharged from the consideration of the bill (H. R. 9465) granting a pension to Martha Hutson, and the same was referred to the Committee on Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. HUDSPETH: A bill (H. R. 12946) authorizing W. J. Stahmann, Edgar D. Brown, L. N. Shafer, and associates, their successors and assigns, to construct, maintain, and operate a bridge across the Rio Grande at or near a point 2 miles south of the town of Tornillo, Tex.; to the Committee on Interstate and Foreign Commerce.

By Mr. BOWMAN: A bill (H. R. 12947) to regulate the practice of the healing art to protect the public health in the District of Columbia; to the Committee on the District of Columbia.

By Mr. BLACK of New York: A bill (H. R. 12948) to create the Gowanus Stone House Battle Memorial Park; to the Committee on Military Affairs.

By Mr. HILL of Alabama: A bill (H. R. 12949) to establish a fish-hatching and fish-cultural station in the State of Alabama; to the Committee on the Merchant Marine and Fisheries.

By Mr. HULL of Tennessee: A bill (H. R. 12950) to repeal certain paragraphs and provisions and clauses of the tariff act of 1922; to the Committee on Ways and Means.

By Mr. MANLOVE: A bill (H. R. 12951) providing for the purchase of 640 acres of land, more or less, immediately adjoining Camp Clark, at Nevada, Mo., and authorizing an appropriation therefor; to the Committee on Military Affairs.

By Mr. RATHBONE: A bill (H. R. 12952) to amend the act entitled "An act for the relief of contractors and subcontractors for the post offices and other buildings and work under the supervision of the Treasury Department, and for other purposes," approved August 25, 1919, as amended by act of March 6, 1920; to the Committee on Public Buildings and Grounds.

By Mr. STALKER: A bill (H. R. 12953) to authorize the Board of Managers of the National Home for Disabled Volunteer Soldiers to accept the title to the State Camp for Veterans, at Bath, N. Y.; to the Committee on Military Affairs.

By Mr. BERGER: A bill (H. R. 12954) to punish State and municipal officers who fail to take proper precautions to protect individuals from mob attacks, and to punish those who participate in such mob attacks, and for other purposes; to the Committee on the Judiciary.

By Mr. DYER: A bill (H. R. 12955) to amend an act entitled "An act creating the United States Court for China and prescribing the jurisdiction thereof" (Public, No. 403, 59th Cong.), and an act entitled "An act making appropriations for the Diplomatic and Consular Services for the fiscal year ending

June 30, 1921" (Public, No. 238, 66th Cong.); to the Committee on Foreign Affairs.

By Mr. ZIHLMAN: A bill (H. R. 12956) to amend certain sections of the teachers' salary act, approved June 4, 1924, and for other purposes; to the Committee on the District of Columbia.

By Mr. GAMBRILL: Joint resolution (H. J. Res. 270) authorizing and directing the Postmaster General to investigate the facts regarding the use in the Postal Service of a certain invention, device, or instrument for the postmarking of mail packages and for the cancellation of postage stamps and to report on what would be an equitable compensation for such use during the life of the letters patent thereon; to the Committee on the Post Office and Post Roads.

By Mr. DOWELL: Resolution (H. Res. 162) for the consideration of the bill (H. R. 383) to amend the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes," approved July 11, 1916, as amended and supplemented, and for other purposes; to the Committee on Rules.

By Mr. GRAHAM: Resolution (H. Res. 163) providing additional compensation for the clerks and messenger to the Judiciary Committee; to the Committee on Accounts.

MEMORIALS

Under clause 3 of Rule XXII, memorials were presented and referred as follows:

By Mr. LINDSAY: Memorial of the Legislature of the State of New York, with reference to the project of an all-American ship canal across the State of New York, connecting the Great Lakes with the Atlantic Ocean, to follow a historic route; to the Committee on Rivers and Harbors.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ARNOLD: A bill (H. R. 12957) granting a pension to Minnie L. Sanders; to the Committee on Invalid Pensions.

By Mr. BOWMAN: A bill (H. R. 12958) granting an increase of pension to Rachel Croston; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12959) granting an increase of pension to Mary J. Hovey; to the Committee on Invalid Pensions.

By Mr. BOYLAN: A bill (H. R. 12960) for the relief of Thomas Barrett; to the Committee on Military Affairs.

By Mr. CHINDBLOM: A bill (H. R. 12961) for the relief of Haskins & Sells; to the Committee on Claims.

By Mr. DYER: A bill (H. R. 12962) for the relief of Arthur E. Rump; to the Committee on Claims.

By Mr. EVANS of California: A bill (H. R. 12963) to provide for the advancement on the retired list of the Navy of Lloyd Lafot; to the Committee on Naval Affairs.

By Mr. HICKEY: A bill (H. R. 12964) granting an increase of pension to Sarah A. Carlin; to the Committee on Invalid Pensions.

By Mr. HOGG: A bill (H. R. 12965) granting a pension to Orville Callaway; to the Committee on Invalid Pensions.

By Mr. JOHNSON of Illinois: A bill (H. R. 12966) for the relief of Jeannette S. Jewell; to the Committee on Foreign Affairs.

Also, a bill (H. R. 12967) granting an increase of pension to Christiana Taylor; to the Committee on Invalid Pensions.

By Mr. JOHNSON of Washington: A bill (H. R. 12968) granting a pension to James Healy, alias John Kilbride; to the Committee on Invalid Pensions.

By Mrs. LANGLEY: A bill (H. R. 12969) granting an increase of pension to J. F. Prater; to the Committee on Pensions.

Also, a bill (H. R. 12970) granting an increase of pension to Joseph Burton; to the Committee on Pensions.

By Mr. MENGES: A bill (H. R. 12971) granting an increase of pension to Carrie E. Klepper; to the Committee on Invalid Pensions.

By Mr. PERKINS: A bill (H. R. 12972) for the relief of Samuel Charles Hampton; to the Committee on Naval Affairs.

By Mr. SIROVICH: A bill (H. R. 12973) for the relief of the heirs of Augustus P. Green, deceased; to the Committee on War Claims.

Also, a bill (H. R. 12974) granting an increase of pension to George W. Page; to the Committee on Pensions.

By Mr. TARVER: A bill (H. R. 12975) granting an increase of pension to Margaret E. Patton; to the Committee on Pensions.

By Mr. UNDERWOOD: A bill (H. R. 12976) granting a pension to Ella L. Shell; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12977) granting a pension to Matilda T. Plotts; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12978) granting a pension to Caroline Brown; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12979) granting a pension to Sallie J. Mast; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12980) granting a pension to Martha Baggs; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12981) granting a pension to Julia Wittich; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12982) granting a pension to Alice Keck; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12983) granting a pension to Susan Devore; to the Committee on Invalid Pensions.

By Mr. WOODRUM: A bill (H. R. 12984) for the relief of Gilbert Grocery Co., Lynchburg, Va.; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

6706. By Mr. BARBOUR: Petition of residents of Kern County, Calif., that the Federal Government cooperate with the California State government relative to certain projects of interest to the Government and State; to the Committee on Irrigation and Reclamation.

6707. By Mr. BRIGHAM: Petition of Frank Moon and 11 other citizens of Pownal, Vt., urging the passage of legislation for the relief of soldiers and widows of soldiers of the Civil War; to the Committee on Invalid Pensions.

6708. Also, petition of J. L. DeWitt and 18 other citizens of Shoreham, Vt., protesting against the passage of Senate bill 1752, or other similar legislation which would abolish the governmental printing of stamped envelopes; to the Committee on the Post Office and Post Roads.

6709. By Mr. BURTON: Resolution of the East Cleveland Post, Ohio, of the American Legion, adopted April 3, 1928, indorsing the Johnson bill as introduced in the House of Representatives (H. R. 8313), and the Capper bill as introduced in the Senate (S. 1289), providing for the universal draft which guarantees equal service for all and special profit for none; to the Committee on Military Affairs.

6710. Also, resolution of Harmony Temple No. 7, Pythian Sisters, Cleveland, Ohio, adopted at a meeting April 3, 1928, indorsing the Dale-Lehlbach retirement bill (H. R. 25 and S. 1727); to the Committee on the Civil Service.

6711. Also, resolution of Pearl Lodge No. 163, Knights of Pythias, Cleveland, Ohio, adopted at a meeting of April 3, 1928, approving the Dale-Lehlbach retirement bill (H. R. 25 and S. 1727); to the Committee on the Civil Service.

6712. Also, resolution of Bohemian Camp No. 186, Woodmen of the World, Cleveland, Ohio, adopted at a meeting held March 21, 1928, approving the Dale-Lehlbach retirement bill (H. R. 25 and S. 1727); to the Committee on the Civil Service.

6713. Also, resolution of Sherman Temple, Pythian Sisters, Cleveland, Ohio, adopted at a meeting of April 4, indorsing the Dale-Lehlbach retirement bill (H. R. 25 and S. 1727); to the Committee on the Civil Service.

6714. Also, resolution of Centennial Temple, No. 99, Pythian Sisters, Cleveland, Ohio, adopted at a meeting April 3, 1928, approving the Dale-Lehlbach retirement bill (H. R. 25 and S. 1727); to the Committee on the Civil Service.

6715. By Mr. DE ROUEN (by request): Petition of the voters of Elton, La., to the Congress of the United States urging that immediate steps be taken to bring to a vote a Civil War pension bill carrying the rates proposed by the National Tribune in order that relief may be accorded to the needy and suffering veterans and their widows, and thus partly repay the living for the sacrifices they have made for our country; to the Committee on Invalid Pensions.

6716. By Mr. DICKINSON of Missouri: Petition by certain citizens of Windsor, Mo., advocating the passage of a Civil War pension bill carrying the rates proposed by the National Tribune; to the Committee on Invalid Pensions.

6717. By Mr. ENGLEBRIGHT: Petition of Ida May Lloyd, of West Point, Calif., and other citizens of the same community, urging the passage of legislation for the relief of the veterans and their widows of the Civil War; to the Committee on Invalid Pensions.

6718. By Mr. EVANS of Montana: Petition of A. L. Wilbur and other residents of Helena, Mont., urging the passage of bill to increase the pensions of Civil War veterans and their widows; to the Committee on Invalid Pensions.

6719. By Mr. FENN: Resolution adopted by the New England Tobacco Growers Association, March 31, 1928, opposing that

portion of House bill 9195 which would allow the importation of Cuban cigars into the United States in lots of less than 3,000; to the Committee on Ways and Means.

6720. Also, petition of residents of Hartford County, Conn., favoring the passage of legislation to increase the pensions of veterans of the Civil War and their widows; to the Committee on Invalid Pensions.

6721. By Mr. ROY G. FITZGERALD: Petition of 19 citizens of Dayton, Ohio, protesting against the passage of House bill 78, making Sunday observance compulsory in the District of Columbia; to the Committee on the District of Columbia.

6722. By Mr. FOSS: Petition of citizens of Athol, Mass., for an increase in amount of pension for veterans of the Civil War and the widows of those veterans; to the Committee on Invalid Pensions.

6723. By Mr. GARBER: Petition of Republican district convention of the third congressional district of Oklahoma, in support of House bill 500, Fitzgerald retirement bill; to the Committee on World War Veterans' Legislation.

6724. Also, petition of the Brown, Eager & Hull Co., by F. E. Palmer, of Toledo, Ohio, in support of the Capper-Kelly fair trade bill (H. R. 11); to the Committee on Interstate and Foreign Commerce.

6725. Also, petition of Noble County Medical Society, by Dr. B. A. Owen, of Perry, Okla., in support of Robinson amendment to the revenue bill (H. R. 1); to the Committee on Ways and Means.

6726. Also, petition of Edward F. Goltra, St. Louis, Mo., relative to the use of public funds in the interest of the inland-waterways movement rather than expend it on additional floating equipment; to the Committee on Interstate and Foreign Commerce.

6727. By Mr. GARDNER of Indiana: Petition of Elijah Ramsey and four other citizens of Cannelton, Perry County, Ind., urging that immediate steps be taken to bring to a vote a Civil War pension bill in order that relief may be accorded to needy and suffering veterans and their widows; to the Committee on Invalid Pensions.

6728. Also, petition of Mrs. O. C. Scarlet, West Baden, Orange County, Ind., urging that immediate steps be taken to bring to a vote a Civil War pension bill in order that relief may be accorded to needy and suffering veterans and their widows; to the Committee on Invalid Pensions.

6729. By Mr. HANCOCK: Petition of Mrs. C. M. Ryder and other residents of Syracuse, N. Y., in favor of increase in pensions of Civil War veterans and their widows; to the Committee on Invalid Pensions.

6730. By Mr. HASTINGS: Petition of citizens of Muskogee, Okla., urging early action on a Civil War pension bill carrying the rates proposed by the National Tribune; to the Committee on Invalid Pensions.

6731. Also, petition of citizens of Checotah, Okla., urging early action on a Civil War pension bill carrying the rates proposed by the National Tribune; to the Committee on Invalid Pensions.

6732. By Mr. HICKEY: Petition of Alderetta E. Richards and other residents of Elkhart, Ind., urging passage of a bill increasing the pensions of Civil War veterans and their widows; to the Committee on Invalid Pensions.

6733. Also, petition of Sarah A. Parkhurst and other residents of Elkhart, Ind., urging the passage of a bill increasing the pensions of Civil War veterans and their widows; to the Committee on Invalid Pensions.

6734. By Mr. HOCH: Petition of Kate Wickersham and four other voters of Fall River, Kans., urging that immediate steps be taken to bring to a vote a Civil War pension bill; to the Committee on Invalid Pensions.

6735. Also, petition of E. S. Bond and 140 voters of Saffordville, Kans., urging that immediate steps be taken to bring to a vote a Civil War pension bill; to the Committee on Invalid Pensions.

6736. By Mr. JOHNSON of South Dakota: Petition of citizens of Elrod, S. Dak., urging immediate action on legislation increasing Civil War pensions; to the Committee on Invalid Pensions.

6737. By Mr. JOHNSON of Texas: Petition of 108 citizens of Navarro County, Tex., favoring increase of pensions for Civil War survivors and their widows; to the Committee on Invalid Pensions.

6738. By Mr. KVALE: Petition of members of the Farmer's Educational and Cooperative Union of America, Freeland Local, No. 108, Lac Qui Parle County, Minn., urging passage of the Capper-Hope bill; to the Committee on Agriculture.

6739. Also, petition of American Legion post, of Madison, Minn., urging passage of the Capper-Johnson universal draft bill; to the Committee on Military Affairs.

6740. Also (by request), petition of J. A. Vickerman, manager of Farmers Cooperative Shipping Association, of Tracy, Minn., in opposition to the passage of Senate bill 1752; to the Committee on the Post Office and Post Roads.

6741. Also (by request), petition of Oscar Heiser, manager of Farmers Cooperative Elevator Co., Tracy, Minn., in opposition to the passage of Senate bill 1752; to the Committee on the Post Office and Post Roads.

6742. By Mr. LANKFORD: Petition of the Harley Barrel Co., Brunswick, Ga., opposing Senate bill 1752, for the abolition of Government-printed stamped envelopes with corner cards; to the Committee on the Post Office and Post Roads.

6743. By Mr. LINDSAY: Petition of the Brooklyn division, Greater New York Branch, League of Nations Nonpartisan Association, New York City, favoring the passage of the Capper resolution, providing for the renunciation of war as an instrument of national policy, and also the Burton resolution relating to the exportation of arms, munitions, or implements of war; to the Committee on Foreign Affairs.

6744. Also, petition of American Legion, presenting resolution adopted at meeting of national rehabilitation committee, urging early consideration and passage of Rogers hospital construction bill; to the Committee on World War Veterans' Legislation.

6745. Also, petition of Baum & Moncharsh, New York City, protesting vigorously against the passage of the McNary-Haugen bill; to the Committee on Agriculture.

6746. Also, petition of C. Leith Speiden, New York City, favoring the Columbia River Basin project and urging support of House bill 7029 on the ground that it is constructive reclamation work and will aid in solving unemployment problem; to the Committee on Irrigation and Reclamation.

6747. By Mr. McREYNOLDS: Petition signed by 117 voters of Bradley County, Tenn., urging that immediate steps be taken to bring to a vote a Civil War pension bill carrying the rates proposed by the National Tribune; to the Committee on Invalid Pensions.

6748. By Mr. MANLOVE: Petition of W. R. Russell, Florence Russell, Corinda C. Russell, Sadie Mulkey, George D. Mulkey, Sophia Saunders, and F. M. Costley, all of Monett, Mo., in support of legislation increasing the rate of pensions of Civil War veterans and their widows; to the Committee on Invalid Pensions.

6749. By Mr. MAPES: Petition of Katie T. Wyckoff, Grand Rapids, Mich., recommending the enactment of additional legislation for the benefit of veterans of the Civil War and their widows; to the Committee on Invalid Pensions.

6750. Also, petition of 95 retail merchants of Grand Rapids, Mich., and vicinity, recommending the enactment of House bill 11; to the Committee on Interstate and Foreign Commerce.

6751. Also, petition of 62 retail merchants of Grand Rapids, Mich., recommending the enactment by Congress of House bill 11; to the Committee on Interstate and Foreign Commerce

6752. Also, petition of eight retail merchants of Grand Rapids, Mich., recommending the enactment of House bill 11; to the Committee on Interstate and Foreign Commerce.

6753. By Mr. MOORE of Kentucky: Petitions signed by C. E. McCoy, G. T. Pemberton, and 46 other citizens of Barren County, Ky., urging that immediate steps be taken to bring to a vote Civil War pension bill for the relief of needy and suffering veterans and widows; to the Committee on Invalid Pensions.

6754. Also, petition signed by Nancy Ray, Francis Payne, Hester Williams, and Sarah C. Lewis, residents of Bowling Green, Warren County, Ky., urging immediate steps to bring to a vote a Civil War pension bill for the relief of veterans and widows; to the Committee on Invalid Pensions

6755. By Mr. MURPHY: Petition of Jennie Taylor, 3353 Washington Street, Bellaire, Ohio, and 104 other persons, asking that the National Tribune's Civil War pension bill be passed; to the Committee on Invalid Pensions.

6756. By Mr. O'CONNELL: Petition of Baum & Moncharsh, New York City, opposing the passage of the McNary-Haugen agricultural relief bill; to the Committee on Agriculture.

6757. Also, petition of the American Legion national legislative committee, Washington, D. C., favoring the Rogers hospital construction bill; to the Committee on World War Veterans' Legislation.

6758. Also, petition of W. H. S. Lloyd Co., New York City, favoring the passage of the Colorado River-Boulder Canyon Dam bill; to the Committee on Irrigation and Reclamation.

6759. Also, petition of the George Washington American Citizens' Bicentennial Commemoration Committee, New York City, favoring the passage of the Moore of Virginia bill (H. R. 4625) "to authorize and direct the survey, construction, and maintenance of a memorial highway to connect Mount Vernon, in the State of Virginia, with the Arlington Memorial Bridge across the Potomac River at Washington"; to the Committee on Roads.

6760. By Mr. RAINEY: Petition of Vernon Briggs and 25 other citizens of Mount Sterling, Ill., for pension increases for Civil War veterans and widows; to the Committee on Invalid Pensions.

6761. By Mr. WHITE of Colorado: Petition of sundry citizens of Denver, Colo., urging the enactment of pending legislation granting an increase of pension to veterans of the Civil War and their dependents; to the Committee on Invalid Pensions.

SENATE

FRIDAY, *April 13, 1928*

The Chaplain, Rev. ZeBarney T. Phillips, D. D., offered the following prayer:

O most loving Father, in whose embrace all creatures live, unto whom all souls belong, Thou knowest our every need and lovest us better than we know how to love ourselves. In the gentle hush of Thy presence remove from our hearts all unworthiness, that they may be as pure and stainless as the image of the morning star reflected in a drop of perfumed dew. Make our words and works to throb in unison with the great ebb and flow of things that bespeak contact with the universal mind of God. And grant unto these Thy servants that they may be faithful to every trust, giving utterance to their highest, noblest thought, and so stand forth as leaders who walk the highway of the right, upon whose shoulders rests the great fabric of this Republic. Hear us and bless us, O Father, for the sake of Jesus Christ our Lord. Amen.

The Chief Clerk proceeded to read the Journal of the proceedings of the legislative day of Monday, April 9, 1928, when, on request of Mr. CURTIS and by unanimous consent, the further reading was dispensed with and the Journal was approved.

MESSAGE FROM THE SENATE—ENROLLED BILL SIGNED

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the Speaker had affixed his signature to the enrolled bill (H. R. 10564) to authorize the Secretary of War to grant and convey to the county of Warren a perpetual easement for public highway purposes over and upon a portion of the Vicksburg National Military Park in the State of Mississippi, and its was signed by the Vice President.

CALL OF THE ROLL

Mr. CURTIS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Edge	La Follette	Shortridge
Barkley	Fess	McKellar	Simmons
Bayard	Fletcher	McLean	Smith
Bingham	Frazier	McMaster	Smoot
Black	Glass	McNary	Steck
Blaine	Goff	Metcalf	Steiwer
Blease	Gooding	Moses	Stephens
Borah	Gould	Norbeck	Swanson
Bratton	Greene	Norris	Thomas
Brookhart	Hale	Nye	Tydings
Broussard	Harris	Oddie	Tyson
Capper	Harrison	Overman	Vandenberg
Caraway	Hawes	Pine	Wagner
Copeland	Hayden	Pittman	Warren
Couzens	Heflin	Ransdell	Waterman
Curtis	Johnson	Robinson, Ind.	Watson
Cutting	Jones	Sackett	Wheeler
Dale	Kendrick	Schall	
Deneen	Keyes	Sheppard	
Dill	King	Shipstead	

Mr. WAGNER. I wish to announce that the Senator from New Jersey [Mr. EDWARDS] is detained from the Senate by illness in his family.

The VICE PRESIDENT. Seventy-seven Senators having answered to their names, a quorum is present.

ORDER OF PROCEEDING

Mr. HEFLIN sent to the desk and had read extracts from the Washington Post and New York Times, and proceeded to address the Senate, when—

Mr. CURTIS. Mr. President, I shall have to ask for the regular order. Speeches are not in order during the presentation of petitions and memorials.

The VICE PRESIDENT. The regular order is demanded. Petitions and memorials are in order.

Mr. HEFLIN. I expect to speak for not over 15 or 20 minutes. The naval appropriation bill will be up in a few minutes. If I am postponed till then, I shall occupy a good deal of time to-day. I could finish my speech now in 15 or 20 minutes.

Mr. CURTIS. I request the regular order, Mr. President.

The VICE PRESIDENT. The regular order is requested, which is the presentation of petitions and memorials.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the petition of Isabell C. Allen, of Kansas City, Mo., praying for the passage of legislation providing that the sum of $200,000 be set aside for her use and conveyed to her at once from funds remaining in the Treasury of the United States, alleging that it appeared that her son, named in the petition, "Wellington John Clayton Allen, having been her support, was, on or about the 20th day of October, 1927, killed by partaking of industrial alcohol as a beverage, which said alcohol had been poisoned by order of the Secretary of the Treasury," which was referred to the Committee on Claims.

Mr. WARREN presented resolutions adopted by the Lions Club of Cody and the Kiwanis Club of Cheyenne, in the State of Wyoming, praying for the passage of legislation to provide for aided and directed settlement on Federal reclamation projects, which were referred to the Committee on Irrigation and Reclamation.

Mr. JONES presented a memorial of sundry citizens of Wilbur, Wash., remonstrating against the passage of the bill (S. 1752) to regulate the manufacture and sale of stamped envelopes, which was referred to the Committee on Post Offices and Post Roads.

Mr. JOHNSON presented 32 petitions numerously signed by sundry citizens of the State of California, praying for the passage of legislation granting increased pensions to Civil War veterans and their widows, which were referred to the Committee on Pensions.

Mr. COPELAND presented a memorial of sundry citizens of Brooklyn, N. Y., and vicinity, remonstrating against the repeal or suspension of the national origins quota provision of the existing immigration law, which was referred to the Committee on Immigration.

He also presented a petition of sundry citizens of Brooklyn, N. Y., and vicinity, praying for the passage of legislation for the registration of all aliens in the United States and also for alien deportation, which was referred to the Committee on Immigration.

He also presented petitions numerously signed by sundry citizens of the State of New York, praying for the passage of legislation repealing the 3 per cent Federal excise tax on passenger automobiles, which were referred to the Committee on Finance.

Mr. TYSON. I present a letter embodying a resolution from the American Legion Auxiliary, unit of Bob Brown Post, No. 16, of Murfreesboro, Tenn., which I ask may be printed in the RECORD and referred to the Committee on Military Affairs.

There being no objection, the letter was referred to the Committee on Military Affairs and ordered to be printed in the RECORD, as follows:

AMERICAN LEGION AUXILIARY,
UNIT OF BOB BROWN POST NO. 16,
Murfreesboro, Tenn., April 11, 1928.

To the Hon. L. D. TYSON,
United States Senate, Washington, D. C.

DEAR SIR: At the regular meeting of the American Legion Auxiliary, unit of Bob Brown Post 16, Department of Tennessee, held on April 5, 1928, the following resolution was unanimously indorsed by its members:

"Whereas there is now before the Seventieth Congress relating to legislation for ex-service men a bill known as the Tyson bill, S. 1986, or the Wurzbach bill, H. R. 6523, also another measure known as the Capper-Johnson universal draft bill, H. R. 8513, S. 1289, for the drafting of industry and money as well as men in times of national need, and we as an organization interested in these matters and the welfare of the Nation feel that the needs for these bills to be enacted are immediate and great, and action upon them should not be postponed to await the next Congress: Therefore be it

"*Resolved*, That unit of Bob Brown Post 16, American Legion Auxiliary, Department of Tennessee, go on record as unanimously favoring the passage of these bills; and be it further

Resolved, That the secretary be instructed to forward a copy of this resolution to each United States Senator from Tennessee and to our Congressman from this district."

Mrs. M. B. MURFREE, *President.*
Mrs. J. E. COLEMAN, *Treasurer.*

FARM RELIEF

Mr. McNARY. Mr. President, I send to the desk a telegram from the Governor of Nebraska and ask unanimous consent that it may be printed in the RECORD and lie on the table.